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In The
Supreme Court of the United States

ENTERPRISE RENT-A-CAR COMPANY,

Petitioner,

v.

ADVANTAGE RENT-A-CAR, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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73 pp

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QUESTIONS PRESENTED

1. The Federal Circuit resolved an issue of first impression under the 1999 Amendment to the Lanham Act and the Federal Trademark Dilution Act ("FTDA") by interpreting the Act to effectively abolish all state law remedies relating to trademark dilution. Under the FTDA, if an accused infringer obtains a federal trademark registration for its accused infringing phrase, the Lanham Act protects the infringer from being sued under the state anti-dilution laws. 15 U.S.C. §1125(c)(3). The trademark owner's only defense to this maneuver is to oppose the registration. Section 13 of the Lanham Act allows a trademark opposition to be filed by "[a]ny person who believes that he would be damaged by registration of a mark on the principal register, including as a result of dilution under Section 43(c)." 15 U.S.C. §1063(a). The Federal Circuit held in its decision below that "damage" under state anti-dilution statutes is not a "damage" that can be asserted in an opposition proceeding, thus resulting in total loss of those rights without any opportunity to assert them.

The first question presented is whether Congress intended in enacting the FTDA to provide an easy procedure for copyists to avoid liability under state anti-dilution rights without having an opportunity to first assert them, thereby preempting state rights altogether.

2. It has been fundamental trademark law for over a century, including precedent by this Court, that geographically limited use of a trademark – without a federal trademark registration – can only support protection of that mark in the geographically limited area of actual use. *Hannover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916) and *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918). In the decision below, the Federal Circuit interpreted the FTDA, contrary to the noted precedent, to provide an absolute bar to a dilution claim throughout the entire country under the FTDA if the accused infringer can prove any use anywhere in the country, regardless of how temporally and geographically limited, prior to the famous mark achieving fame. 15 U.S.C. §1125(c).

The second question presented is whether the Federal Trademark Dilution Act allows "any" prior use of a similar trademark, regardless of how limited in duration or geographic scope, to defeat the dilution rights and claims of the owner of a famous trademark under Section 43(c) of the Lanham Act, 15 U.S.C. §1125(c).

STATEMENT PURSUANT TO RULE 29.6

Petitioner, Enterprise Rent-a-Car Company, states that it has no corporate parents, and that no publicly held company owns 10% or more of the Enterprise Rent-a-Car Company stock.

TABLE OF CONTENTS

Page

QUESTIONS PRESENTED i

STATEMENT PURSUANT TO RULE 29.6 iii

TABLE OF CONTENTS iv

TABLE OF CITED AUTHORITIES vi

OPINIONS BELOW 1

STATEMENT OF JURISDICTION 1

STATUTORY PROVISIONS INVOLVED 1

STATEMENT OF THE CASE 2

REASONS FOR GRANTING THE WRIT 5

I. The Decision Below is Arbitrary in Its Interpretation of Section 13 of the Lanham Act and Against the Plain Language of the Statute; the Result of This Interpretation Is to Effectively Eliminate State Anti-Dilution Statues 7

II. The Federal Circuit's Interpretation of the FTDA Is Incorrect and Yields Grossly Inequitable Results in Contravention of Over a Century of Trademark Precedent in Applying the Lanham Act 11

A. The Federal Circuit's Decision Disregards Common Law Principles of Trademark Interpretation And is Inconsistent with the Language of the FTDA 11

B. The Legislative History Does Not Support the Offered Interpretation 18

C. Concurrent Use 19

CONCLUSION 20

APPENDIX

TABLE OF AUTHORITIES

Page

Cases:

Casual Corner Associates, Inc. v. Casual Stores of Nevada, Inc., 493 F.2d 709 (9th Cir. 1974) 15

Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc., 330 F.3d 1333 (Fed. Cir. 2003) 2, 10

Hannover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916) ..... ii, 12

Info. Tech. & Applications Corp. v. United States, 316 F.3d 1312 (Fed. Cir. 2003) 16

Jewelers Vigilance Committee, Inc., v. UllenbergCorp., 823 F.2d 490 (Fed. Cir. 1987) 10

Lipton Industries, Inc., v. Ralston Purina Company, 670 F.2d 1024 (CCPA 1982) 10

Moseley v. V Secret Catalogue, Inc., 537 U.S. 418 (2003) 5, 6, 8

Peaches Entertainment Corp. v. Entertainment Repertoire Assoc., Inc., 62 F.3d 690 (5th Cir. 1995) 12

Pebble Beach Co. v. Tour 18 Ltd.,
942 F.Supp. 1513 (S.D. Tex. 1996),
aff'd as modified by,
155 F.3d 516 (5th Cir. 1998) 8

Ringling Bros.-Barnum & Bailey
Combined Shows, Inc. v. BE Windows Corp.,
937 F.Supp. 204 (S.D.N.Y. 1996) 8-9

Russello v. United States,
464 U.S. 16 (1983) 17

Sweet Sixteen Co. v. Sweet "16" Shop, Inc.,
15 F.2d 920 (8th Cir. 1926) 14, 19

Texas Pig Stands, Inc., v.
Hard Rock Café Int'l, Inc.,
951 F.2d 684 (5th Cir. 1992),
reh'g, en banc denied,
966 F.2d 956 (5th Cir. 1992) 18

United Drug Co. v. Theodore Rectanus Co.,
248 U.S. 90 (1918) ..... ii, 12

Weiner King, Inc. v. Weiner King Corp.,
615 F.2d 512 (CCAP 1980) 12

Young v. AGB Corp.,
152 F.3d 1377 (Fed. Cir. 1998) 10

Statutes:

15 U.S.C.§ 1063 ..... i, 7

15 U.S.C. § 1125 ..... *passim*

28 U.S.C. § 1254 1

Other Authorities:

McCarthy on Trademarks and Unfair Competition, Fourth Edition § 26.53 12

PETITION FOR A WRIT OF CERTIORARI

Petitioners respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The Trademark Trial and Appeal Board's opinion granting the trademark applicant's motion for summary judgment and dismissing the opposition with prejudice is published at 62 USPQ2d 1857 and is attached in the Appendix at A-28 to A-41. The opinion by the Federal Circuit Court of Appeals affirming the judgment of the Board is published as 330 F.3d 1333 and is attached in the Appendix at A-1 to A-25 The Court of Appeals' order denying rehearing en banc is not otherwise published and is attached in the Appendix at A-26 to A-27.

STATEMENT OF JURISDICTION

The Court of Appeals entered its opinion on or about May 30, 2003 and denied rehearing en banc on July 9, 2003. Petitioners invoke this Court's jurisdiction pursuant to 28 U.S.C. §1254(1).

STATUTORY PROVISIONS INVOLVED

The provisions and portions of the Lanham Act, 15 U.S.C. Section 1051, et seq., relevant to this petition are attached in the appendix at A-42 to A-43.

STATEMENT OF THE CASE

On May 30, 2003, the Federal Circuit rendered a decision regarding important issues of first impression under the Federal Trademark Dilution Act (FTDA) and the role that state anti-dilution statutes play in the orderly administration of trademark rights in the United States. *Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.*, 330 F.3d 1333 (Fed. Cir. 2003). Petitioner sought rehearing en banc from the Federal Circuit, which it denied on July 9, 2003.

While the present petition turns strictly on legal issues of first impression, some brief undisputed background facts and procedure are helpful in providing context to the issues and to demonstrate their importance.

1. In 1994, Enterprise conducted a trademark search for a desired slogan ("We'll Pick You Up®"), subsequently adopted the slogan based on the search results, obtained several federal trademark registrations for the slogan, and since that time has spent over $250,000,000 advertising the slogan in commerce. The slogan has been advertised in connection with some of the most prominent television programs in the nation, including, for example, the World Series, the NCAA Final Four tournament, Dateline, 20/20 and Seinfeld. The campaign has received national awards, including being honored as one of the top 500 advertising campaigns of the 20th Century.

2. Advantage, on the other hand, fortuitously, and unbeknownst to Enterprise, used the near identical phrase, "We'll Even Pick You Up," in one commercial on a very limited basis in San Antonio, Texas in the early 1990s, discontinued use of the commercial in May 1995, and resurrected the commercial in mid-1997 only after recognizing Enterprise's use and holding attorney-client privileged meetings in 1997 to discuss Enterprise's campaign. In mid-1997, following the attorney-client privileged meetings, Advantage expanded its use of Enterprise's slogan to five Southwestern states: Texas, Louisiana, Oklahoma, New Mexico, and Arkansas.

3. Litigation ensued in federal court and, ultimately, Advantage obtained the right to use the phrase in its limited five-state territory. The district court held, and the 5th Circuit affirmed, that Enterprise had not proven its slogan famous as of mid-1997 when Advantage began its use in the five Southwestern states. Based on the Texas litigation, Enterprise concedes that it cannot stop Advantage's use of its slogan in those five states based on Advantage's prior user defense.

4. In 1999 and during the course of the Texas litigation, Advantage filed for a federal registration, almost ten years after it started using the phrase.

5. Enterprise discovered the registration attempt by Advantage and realized that Advantage intended to expand its use of the slogan beyond the five Southwestern states, to further capitalize on the goodwill that Enterprise had developed in its slogan. Enterprise therefore opposed Advantage's registration

on two grounds: (1) the national registration would provide Advantage with rights in states outside of the original five-state region in areas where Enterprise could maintain a state dilution cause of action against Advantage; and (2) while Enterprise's slogan was deemed not famous as of mid-1997 by the Fifth Circuit, Enterprise's slogan had subsequently acquired fame due to Enterprise's sizeable investment thereafter and, thus, Enterprise opposed the registration attempt under the FTDA.

6. To this latter point, the district court in the Texas litigation found that Enterprise's survey showed that 49.6% of those surveyed knew of Enterprise's slogan and associated the slogan with Enterprise. The district court, however, required Enterprise to show greater than 50% association to prove fame based on its interpretation of the law (an error of law asserted by Enterprise in the Texas litigation but rejected by the Fifth Circuit). Thus, Enterprise missed the mark by 0.4%. Since the time of the survey, Enterprise has had considerable additional use, including spending well over another $150,000,000 in connection with very high profile television shows. While Enterprise failed to prevail by a margin of 0.4% in the Texas litigation to show that its slogan was famous as of mid-1997, it undoubtedly has acquired such fame since that time, even under the high standard set by the Fifth Circuit. These fact issues were never reached by the TTAB nor the Federal Circuit because of each tribunal's legal rulings, the subject of the present petition.

7. On March 26, 2002, the TTAB issued an opinion denying Enterprise leave to amend the Notice of Opposition to include state anti-dilution grounds

because it contended that such grounds could not be raised in an opposition. The TTAB also held that any prior use by a senior user prior to the mark becoming famous defeated any cause of action under the FTDA, even for states where the senior user sought expansion (here by federal registration) after the junior user's mark had achieved fame. The TTAB's decision on these two legal issues ended the opposition.

8. Enterprise filed an appeal with the United States Court of Appeals for the Federal Circuit ("the Federal Circuit") on May 22, 2002. The Federal Circuit affirmed the TTAB's decision. Enterprise filed a petition for rehearing en banc on June 13, 2003, but the Federal Circuit denied that petition.

REASONS FOR GRANTING THE WRIT

There are many instances in which trademark copyists engage in unfair competition, but do not create confusion, leaving the dilution laws as the only primary remaining remedy. The instant case and this Court's recent *V Secret* case are prime examples of this situation. For decades, dilution laws have, therefore, been an important cause of action against unfair competition in the absence of confusion.

When Congress enacted the Federal Trademark Dilution Act (FTDA), it made clear that it was doing so to increase the protection afforded to the owners of famous trademarks and that it was not overruling or preempting the existing state anti-dilution statutes. This case raises two important issues of first impression, as the Federal Circuit decision acknowledges. The Federal Circuit, however, resolved

those issues in manner that undeniably retracts protections available to the owners of famous trademarks that existed prior to Congress' enactment of the FTDA. This retraction of protection for famous marks is contrary to Congress' stated purpose in enacting the FTDA.

The two specific issues are: (1) whether state anti-dilution statutes can be asserted in a trademark opposition, or forever be lost without any opportunity to assert such rights, in contravention of Congress' decision not to pre-empt such rights; and (2) whether the FTDA allows any prior use of a trademark, regardless of how limited in duration or geographic scope, to defeat the trademark owner's rights to prevent the dilution of its famous trademark under the FTDA.

The loss of state rights is particularly problematic in view of the Court's decision in *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). There the Court acknowledged that it might be hard to prove "actual" dilution under the FTDA, but felt constrained by Congress' chosen language. The Court also acknowledged that state anti-dilution statutes provide a remedy on less stringent grounds, *i.e.*, likelihood of dilution. Thus, this Court's review of whether state dilution laws will continue to play a part in the enforcement of trademarks is an important issue to trademark owners in this country. Because this issue will arise in the Trademark Office with most appeals to the Federal Circuit, the likelihood of conflicts amongst appellate courts is far less. Thus, this issue is ripe for determination now.

I. The Decision Below Is Arbitrary in Its Interpretation of Section 13 of the Lanham Act And Against the Plain Language of the Statute; the Result of This Interpretation Is To Effectively Eliminate State Anti-Dilution Statutes.

The decision below provides an easy procedure for systematically avoiding state anti-dilution statutes. Because state anti-dilution statutes are less stringent in their requirements to make out a dilution cause, trademark owners will realize significant detriment, losing state causes that have for decades protected them against copyists.

In many instances, copyists engage in unfair competition that does not result in a likelihood of confusion. In those instances, a copyist wishing to avoid state anti-dilution statutes can, in view of the decision below, merely file for a federal registration for its copied phrase. In the absence of a likelihood of confusion, the Trademark Office will allow the application for registration to publish for opposition, *i.e.*, the Trademark Office will not reject an application on dilution grounds. 15 U.S.C. §1052. Once published for opposition, the trademark owner, in the absence of a likelihood of confusion, is left to oppose on dilution grounds.

Section 13 of the Lanham Act allows a trademark opposition to be filed by "[a]ny person who believes that he would be damaged by registration of a mark on the principal register, including as a result of dilution under Section 43(c)." 15 U.S.C. §1063(a) (2000). As seen, Section 13 of the Lanham Act provides

no limitation on the grounds upon which an opposition can be raised, so long as "damage" is shown. The Federal Circuit's restriction that only damage under the FTDA can be asserted, not under state anti-dilution statutes, is arbitrary.

More importantly, however, if a trademark owner cannot raise state anti-dilution statutory rights in the opposition, those rights are forever lost once the registration is allowed to issue. 15 U.S.C. §1125(c)(3). Thus, the trademark owner's defense to the application is limited to the FTDA. If not successful under the FTDA in opposing the application to register, state rights are lost. Many of those state rights provide relief on grounds far less stringent than under the FTDA. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). Thus, a copyist can obtain a federal trademark registration and defeat state anti-dilution statutes without ever facing them on the merits.

The language of Section 13 of the Lanham Act makes no restriction on the grounds upon which "damage" can be asserted. The Act does state, "including as a result of dilution under Section 43(c)." But, that language is exemplary of the damage that can be asserted. That language does not foreclose damage that results from violation of state anti-dilution statutes.

Congress did not preempt state anti-dilution statutes when it enacted the FTDA. *See Pebble Beach Co. v. Tour 18 Ltd.*, 942 F.Supp. 1513, 1564 (S.D. Tex. 1996) (finding the Texas anti-dilution statute not pre-empted by federal law) aff'd as modified by 155 F.3d 516 (5th Cir. 1998); and *Ringling Bros.-Barnum & Bailey Combined*

Shows, Inc. v. BE Windows Corp., 937 F.Supp. 204, 208 (S.D.N.Y. 1996) (noting that the Federal Trademark Dilution Act was not intended to pre-empt existing state dilution statutes). Thus, there should be a forum for asserting them prior to losing them.

In the instant case, Enterprise should be able to assert any reason for "damage" to defeat another's attempt to obtain a federal registration and hence nationwide rights in one of its marks. The Act provides no qualification on this right to oppose. Here, the damage is plain and un-rebutted. **If Advantage is allowed a federal registration, Enterprise's state anti-dilution rights are no longer available to it. Thus, the only forum for Enterprise to assert these rights is in the opposition proceeding, else they be lost.** Congress specifically chose not to preempt or overrule state anti-dilution statutes. Thus, the Act should be interpreted in such a way that those rights can be raised prior to being lost.

Further, the Federal Circuit rule gives a trademark applicant the protection intended to be afforded to a trademark registrant. To ignore the state dilution rights at the opposition setting would also ignore the condition precedent to the protection: the obtaining of a federal registration. The intent of the legislation is to protect registered trademarks, not mere trademark applications.

The Federal Circuit incorrectly advocates that the language that regards allowing any person to oppose based on a belief of damage merely outlines a requirement for standing. The Court of Appeals for the Federal Circuit requires that an opposer must also

"base its ground of opposition on a statutory claim found in the Lanham Act." *Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.*, 330 F.3d 1333 (Fed. Cir. 2003). First, this restriction is not found in Section 13 of the Lanham Act and is therefore arbitrary.

Second, the cases cited by the Federal Circuit and the supporting cases cited therein merely require a "statutory ground". *Young v. AGB Corp.*, 152 F.3d 1377 (Fed. Cir. 1998) citing *Lipton Industries, Inc., v. Ralston Purina Company*, 670 F.2d 1024 (CCPA 1982). See also *Jewelers Vigilance Committee, Inc., v. Ullenberg Corp.*, 823 F.2d 490 (Fed. Cir. 1987) (opposer entitled to rely on any ground in Section 2 of the Lanham Act). State trademark dilution laws are codified and, therefore, statutory. As such, these state laws provide a sufficient statutory ground under this line of cases.

Third, the cases cited in support of the statutory requirements were decided prior to adoption of the 1999 Amendment to the Lanham Act concerning dilution and oppositions. These cases do not address the issue of dilution, state or federal, as a basis for opposition, nor did those cases face the issue that state rights will be lost if not heard by the Trademark Office.

Further, it should be noted that the *Lipton* and *Jewelers Vigilance* cases actually address the arguments made by a trademark owner in cancellation proceedings, which are no longer available to the owner of a famous mark if the diluting mark is eventually registered. *Id.* Prior to the 1999 Amendment, these state dilution issues could have been addressed in a cancellation proceeding. However, the 1999 Amendment did away with any

chance of presenting state issues after registration of the diluting mark. Indeed, prior to the 1999 Amendment, it was not that significant whether the TTAB asserted jurisdiction over state causes of action because the latter could be raised in cancellation proceedings in federal court. Following the 1999 Amendment, that is no longer true because state rights are lost.

In any event, the language of Section 13 of the Lanham Act is plain on its face. Any case to the contrary is inapposite. Congress must have intended for the state dilution issues to be heard at some time prior to registration of a diluting mark. If that were not the case, it would have simply preempted them, which it did not.

II. The Federal Circuit's Interpretation of the FTDA Is Incorrect And Yields Grossly Inequitable Results in Contravention of Over a Century of Trademark Precedent in Applying the Lanham Act

A. The Federal Circuit's Decision Disregards Common Law Principles of Trademark Interpretation And Is Inconsistent with the Language of the FTDA.

By way of brief background regarding what the law has been for nearly a century, absent obtaining a federal registration that provides nationwide rights, a user that relies on common law rights only obtains rights in its area of geographic use. It has always been the law that a subsequent user, *i.e.*, a "junior user" that adopts the mark in good faith and expands throughout

the United States obtains rights in all geographic areas except those where the first user, *i.e.*, the "senior user" had prior rights. In that sense, the senior user that failed to secure a federal registration is "frozen" to its limited area of use, even though it first used the mark in question. The policy behind this rule of law is that the junior user could not know about the senior user's use because the senior user did not federally register its mark to put the public on notice of its rights. *See Hannover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *Peaches Entertainment Corp. v. Entertainment Repertoire Assoc., Inc.*, 62 F.3d 690, 692-93 (5th Cir. 1995); *Weiner King, Inc. v. Weiner King Corp.*, 615 F.2d 512 (CCAP 1980); *see also McCarthy on Trademarks and Unfair Competition*, Fourth Edition § 26.53 (discussing freezing a senior users rights).

Congress enacted the FTDA in 1996. The question posed here, which is one of first impression, is whether the FTDA is to be interpreted in accordance with the equitable principles that have governed trademark disputes for nearly a century, or whether Congress intended a harsher rule in which a senior user without a registration can defeat a junior user's rights throughout the United States under the FTDA simply because the senior user used the mark first in a limited area of the United States.

While both parties have asserted that the FTDA is plain on its face as supporting their respective positions, the truth of the matter is, based on the parties' respective positions to date, that the FTDA is unclear in this regard. The FTDA is codified at 15 U.S.C. § 1125 (c) and provides:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction ***against another person's commercial use*** in commerce of a mark or trade name, ***if such use*** begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. (emphasis added).
>
> 15 U.S.C. §1125(c)(1).

Without a doubt, if a senior user has used a mark in a particular area of the country and it predates the date by which the famous mark becomes famous, the famous mark holder can do nothing under the FTDA to stop such use in that particular area. That much is clear. The question, however, is where the senior user attempts to expand the limited use beyond its initial area of use, but after a point at which the junior user's mark acquires fame, can the famous mark holder stop such expansion efforts under the FTDA? Or, is the FTDA to be interpreted, as by the Federal Circuit, to mean that any prior use defeats the junior user's FTDA claim even in areas where the senior user has expanded after fame is achieved by considerable investment by its competitor?

There can be no dispute that under traditional trademark principles, the senior user could not expand its use. Indeed, the junior user could sue the senior user in a first suit over the senior user's initial use that was limited to, for example, Texas. If the senior user

showed prior rights in Texas, it would prevail against a junior user that had rights throughout the rest of the country. But, if the senior user sought to expand beyond Texas and did not have prior rights over the junior user in its area of expansion, the junior user would undoubtedly win a second suit. *See Sweet Sixteen Co. v. Sweet "16" Shop, Inc.*, 15 F.2d 920 (8th Cir. 1926) As the Federal Circuit has interpreted the FTDA, this well-established rule of law no longer applies. Instead, a windfall is provided to the senior user to the substantial detriment of a bona fide junior user that has invested heavily in a mark without knowledge of the senior user's use due to the latter's failure to timely obtain a federal registration for its mark, the facts of the present case as well.

Turning to interpretation of the FTDA, the Federal Circuit incorrectly holds that a trademark defendant can defeat rights in a famous trademark under the FTDA if it can show "any" use of the famous trademark prior to the trademark owners' mark becoming famous, thereby baring an FTDA claim as a ground for opposition under Section 13. (Panel Decision at 13, 14, and 17).

First, the Federal Circuit has created a bright line rule that is not in accord with traditional trademark principles. If a senior user establishes prior use, it prevails everywhere in the country under the FTDA. This rule, however, does not account for the opening line of the FTDA: "The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction . . . ." With the Federal Circuit's bright line rule in applying the FTDA, there would be no need to

consider "principles of equity," as has always been the hallmark of trademark jurisprudence, *i.e.*, fairly apportioning rights based on expectations, investments, and use. Thus, the Federal Circuit's interpretation renders the opening line meaningless.

Second, the implications of this holding ignore important common law principles of trademark law that are part and parcel of interpreting the Lanham Act. By way of example, the common law of trademarks requires that a senior user's "use" be continuous, *i.e.*, one cannot claim prior trademark rights unless one's use has been continuous and unabandoned. *See Casual Corner Associates, Inc. v. Casual Stores of Nevada, Inc.*, 493 F.2d 709 (9th Cir. 1974). While the FTDA does not state this requirement, nor is it at issue in this appeal, undoubtedly the FTDA must be interpreted to have this requirement. Yet, the Federal Circuit's holding suggests that "any" use, whether continuous or not, is sufficient to defeat a claim under the FTDA, a significant departure from traditional trademark principles. Thus, a senior user that fortuitously used a famous mark many years ago, but abandoned the mark for over a decade, could rise up out the weeds and assert rights of its own, or sell those rights to the highest bidder, or extort money from the trademark owner. "Any use" cannot be the standard for interpreting rights under the FTDA.

The common law of trademarks has also recognized, for nearly a century, that a senior, first-in-time, user of a trademark may be frozen to a particular geographic territory where the senior user fails to secure a federal registration, which is inexpensive to obtain. The federal statutory scheme has, from a policy

standpoint, encouraged federal registrations to put the public on notice of the senior user's rights. Failing to do so and failing to put the public on notice by means of the federal registry subjects the senior user to the risk that a junior user will come along and adopt the same or similar mark and expand throughout the United States, freezing the senior user to its limited territory. The Panel's decision disregards these well-established trademark principles, which equitably protect innocent junior users that heavily invest in marks against a senior user that chose not to obtain a federal registration and to therefore put the public, including the junior user, on notice of its rights.

Not only does the Panel's decision not account for common law trademark principles in interpreting the FTDA, its holding is also inconsistent with the language of the Act itself. As the panel stated, the proper place to begin is with an examination of the plain language of the statute. *Info. Tech. & Applications Corp. v. United States*, 316 F.3d 1312, 1320 (Fed. Cir. 2003).

It is conceded that Advantage has the right to use its near identical slogan in the five Southwestern states by virtue of prevailing in the prior federal court litigation based on its prior use. The issue is whether Enterprise can enjoin, or in this instance oppose, Advantage from expanding its use to other states. Enterprise believes, consistent with well-established trademark priority rules mentioned above, that the FTDA means, on its face, if Enterprise is attempting to enjoin use in the remaining states, it can enjoin ***"such use"*** so long as ***that use begins after*** Enterprise's slogan became famous, which it believes to be the case for reasons beyond this briefing.

The Federal Circuit, however, interpreted ***"such use"*** to mean ***"any use,"*** notwithstanding that the word "such" means, by definition, something specific and notwithstanding that this interpretation is inconsistent with trademark common law principles that have existed for over a century and notwithstanding that this interpretation leads to a highly inequitable result for the senior user and a windfall to the junior user and notwithstanding that this interpretation does not reward early registration, an important policy goal of the Lanham Act, and, in fact, rewards belated registrations.

More specifically, the term "any" is not used in Section 43(c). The term "any" is, however, used prominently in Section 43(a) of the same Act. The term "any" is used six times in Section 43(a)(1) in connection with the same commercial uses addressed in Section 43(c). Had Congress intended to use the term "such use" with respect to the use of a trademark to mean "any prior use," Congress could have explicitly stated "any use." Instead, the Section pertains to "such use" which must necessarily contain limitations. "[W]here Congress included particular language in one section of the statute but omits in another section of the same act, it is generally presumed that congress acts intentionally and purposefully in the disparate inclusion or exclusion." *Russello v. United States,* 464 U.S. 16, 23 (1983) (citation omitted). Therefore, it is incorrect to presume that Congress actually meant that "any use" could defeat a claim of dilution under Section 43(c) when it could have done so, but did not.

By analogy, it is well settled that a trademark that has been determined to be descriptive can achieve acquired distinctiveness and form a basis for enforcement against the same or similar mark or registration. *Texas Pig Stands, Inc., v. Hard Rock Café Int'l, Inc.*, 951 F.2d 684 (5th Cir. 1992), *reh'g, en banc, denied*, 966 F.2d 956 (5th Cir. 1992). Similarly, a trademark owner should be allowed to achieve fame for a mark and subsequently protect that mark against dilution from a senior user that did not timely register its mark and is belatedly trying to expand its use to other geographic areas in an effort to capitalize on that which the junior user created.

B. The Legislative History Does Not Support the Offered Interpretation

The Panel's decision is inconsistent with the goals set forth in the legislative history. In particular, the goal of the FTDA is to protect famous marks and to provide a convenient remedy for those famous marks to avoid multiplicity of suits. H.R. Rep. No. 104-374, at 3 (1995), Congressional Record, June 22, 1999, Page S7452-S7457 (Comments of Sen. Hatch). As interpreted by the board and the Federal Circuit, the FTDA is protecting the limited user to the extreme detriment of the famous mark. By favoring the diluting use over the famous mark, the Federal Circuit's interpretation contradicts the intent of the Act.

Additionally, the trademark laws are generally fashioned to reward those who promptly apply and register their trademark rights. That is not the case here. In fact, Advantage is being rewarded for not putting a federal trademark application on file in a

timely manner. It is being rewarded for limited and, at times, unknowing use of a trademark. It is being rewarded for refusing to register its marks for almost a decade. It is also being rewarded for letting another company spend hundreds of millions of dollars to promote a trademark. And, now, it is being rewarded, absent rectification by this Court, by being allowed to expand throughout the United States with a trademark that it had only used on a very limited basis in one city in the country, a use that Enterprise could not have possibly detected when it performed its trademark search and made the decision to invest considerably in its campaign.

C. Concurrent Use

The Federal Circuit's decision relies heavily on principles of concurrent use. Neither party raised that issue because Advantage did not seek a concurrent use registration. The decision below concludes that because Congress did not amend the concurrent use provisions of the Lanham Act, the FTDA must be interpreted as a winner takes all proposition, *i.e.*, use anywhere by a senior user is sufficient to defeat the junior user's rights throughout the United States. *See Sweet Sixteen Co. v. Sweet "16" Shop, Inc.*, 15 F.2d 920 (8th Cir. 1926). There is no indication that Congress ever considered the issue of concurrent use registrations, a procedure that is very rarely invoked, as a means of interpreting the "such use" language of the FTDA. While Enterprise is sympathetic with the Federal Circuit's attempt to square all provisions of the Lanham Act, the resulting interpretation is directly contrary to the common law of trademarks as it regards priority disputes between senior and junior

users and the stated purpose of strengthening the rights in famous marks. Congress expressed no intent to provide windfalls to senior users that have geographically limited rights and that fail to get federal registrations. Enterprise submits that the concurrent use statute provides no guidance as to Congress' intent in using the language "such use" in the FTDA.

CONCLUSION

For the foregoing reasons, the petition for certiorari should be granted.

Respectfully submitted,

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TABLE OF CONTENTS
Appendix to Petition

Page

Opinion
United States Court of Appeals
for the Federal Circuit
entered May 30, 2003 ..... A-1

Judgment of the
United States Court of Appeals
for the Federal Circuit
entered May 30, 2003 ..... A-27

Opinion
Trademark Trial and Appeal Board,
Patent and Trademark Office
entered March 26, 2001 ..... A-28

Order
United States Court of Appeals
for the Federal Circuit
Re: Denying Petition for Rehearing
entered July 9, 2003 ..... A-41

15 U.S.C.§ 1063 ..... A-42

15 U.S.C. § 1125 ..... A-43

United States Court of Appeals for the Federal Circuit

02-1444
(Opposition no. 120,101)

ENTERPRISE RENT-A-CAR COMPANY,

Appellant,

v.

ADVANTAGE RENT-A-CAR, INC.,

Appellee.

Rudolph A. Telscher, Jr., Harness, Dickey & Pierce, P.L.C., of St. Louis, Missouri, argued for appellant.

William D. Raman, Thompson & Knight LLP, of Austin, Texas, argued for appellee.

Appealed from:
United States Patent and Trademark Office
Trademark Trial and Appeal Board

United States Court of Appeals for the Federal Circuit

02-1444
(Opposition no. 120,101)

ENTERPRISE RENT-A-CAR COMPANY,

Appellant,

v.

ADVANTAGE RENT-A-CAR, INC.,

Appellee.

DECIDED: May 30, 2003
[ENTERED: May 30, 2003]

Before BRYSON, GAJARSA, and DYK, Circuit Judges.

DYK, Circuit Judge.

Under the Trademark Amendments Act of 1999 § 2(b), 15 U.S.C. § 1063(a), and the Federal Trademark Dilution Act of 1995 § 3, 15 U.S.C. § 1125(c), the owner of a famous mark can oppose the registration of a diluting mark without establishing likelihood of confusion. This case presents the question whether such an opposition can be maintained when the applicant's mark was used in a limited geographic area before the opposer's mark became famous. This case

also requires us to decide whether an opposition under 15 U.S.C. § 1063(a) can be based on claims of trademark dilution under state dilution statutes. We conclude that the owner of a famous mark cannot oppose registration based on dilution where its mark did not achieve fame prior to the applicant's prior use in a limited geographic area, and that a trademark holder cannot oppose registration based on claims of dilution under state law. We therefore affirm the decision of the United States Patent and Trademark Office, Trademark Trial and Appeal Board ("the Board") dismissing the opposition with prejudice.

BACKGROUND

This case requires us to construe for the first time the Federal Trademark Dilution Act of 1995, 15 U.S.C. §§ 1125(c), 1127 (2000) ("FTDA"), which creates a federal cause of action for trademark dilution, and a related provision, the Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218 (codified in scattered sections of 15 U.S.C.), which, inter alia, requires the Board to consider dilution under the FTDA as a ground for opposition to trademark registration.

The FTDA provides a federal cause of action for owners of "famous" trademarks, allowing them to enjoin diluting uses, and in some cases, to recover monetary damages. The Act provides:

> [t]he owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

15 U.S.C. § 1125(c)(1) (2000) (emphasis added).[1] Thus, in order to secure relief, the owner of a famous mark must establish that the allegedly diluting use began "after the mark ha[d] become famous." The Act provides a list of non-exclusive factors that a court is to consider in determining whether a mark is "famous" and, therefore, qualifies for protection under the statute:

> In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to –
>
> > (A) the degree of inherent or acquired distinctiveness of the mark;

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[1] The Act allows for monetary damages only if "the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark." 15 U.S.C. § 1125(c)(2) (2000).

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Id. § 1125(c)(1).

In 1999, Congress amended the Lanham Act to add dilution under section 1125(c) as a ground for opposition to federal trademark registration. See Trademark Amendments Act of 1999, § 2(b), 113 Stat. 217, 218. The opposition statute now provides, in pertinent part, "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c) of this title, may . . . file an opposition in the Patent and Trademark Office." 15 U.S.C. § 1063(a) (2000) (emphasis added).

The allegedly diluting use in this case began in 1990, when the appellee (the applicant for registration), Advantage Rent-A-Car, Inc. ("Advantage"), produced a television commercial for its car-rental service that used the phrase "We'll Even Pick You Up." The commercial was broadcast in the San Antonio, Texas, area approximately 100 times between 1992 and 1995. From August 1997, to April 1998, the commercial was broadcast an additional 289 times in Arkansas, Louisiana, New Mexico, and Texas.

The appellant (the party opposing registration), Enterprise Rent-A-Car Co. ("Enterprise"), did not begin using the phrases "Pick the Company that Picks You Up" and "Pick Enterprise, We'll Pick You Up" in national advertising until 1994, after Advantage's prior use in San Antonio, Texas. On January 16, 1996, Enterprise obtained federal registration for the mark "PICK ENTERPRISE, WE'LL PICK YOU UP," U.S. Trademark Reg. No. 1,948,828; on January 30, 1996, for the mark "PICK THE COMPANY THAT PICKS YOU UP," U.S. Trademark Reg. No. 1,953,083; and on

August 5, 1997, for the mark "WE'LL PICK YOU UP," U.S. Trademark Reg. No. 2,085,472, as service marks in connection with the rental and leasing of vehicles.

On June 16, 1998, Advantage filed suit against Enterprise in the United States District Court for the Western District of Texas alleging unfair competition in violation of 15 U.S.C. § 1125(a) and under the common law of Texas and seeking cancellation of Enterprise's mark under 15 U.S.C. § 1119. Enterprise, inter alia, counterclaimed for unfair competition under state and federal law and for trademark dilution under federal and state law.

While the case was pending in the district court, on May 4, 1999, Advantage filed for federal registration of its mark, "We'll Even Pick You Up," as a service mark in connection with the rental and leasing of vehicles. U.S. Trademark Application Ser. No. 75-697875. On August 21, 2000, Enterprise filed an opposition to Advantage's application, alleging that it would be damaged by the registration of Advantage's mark, because Advantage's mark caused dilution of Enterprise's mark under the FTDA. The Board suspended the opposition proceedings on September 25, 2000, pending resolution of the civil action before the district court.

On May 24, 1999, the parties agreed to the entry of a partial consent judgment in the district court civil action. The parties agreed to the entry of findings of fact and conclusions of law to the effect that the use by Advantage of WE'LL EVEN PICK YOU UP in connection with its car-rental business was not likely to

cause consumer confusion with Enterprise. Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co., No. A 98CA 372, slip op. at 1-2 (W.D. Tex. May 24, 1999) (Partial Consent Judgment). The consent judgment disposed of all claims asserted by Advantage and of all counterclaims asserted by Enterprise, except its claims for trademark dilution. Id. at 1. The consent judgment also made clear, however, that Enterprise's dilution claims were unaffected. Id. at 3.

On October 25, 1999, after a bench trial, the district court entered judgment against Enterprise on the dilution claims. The court held that Enterprise was not entitled to relief, "because the slogan at issue is not sufficiently famous or distinctive to receive protection under the [FTDA]." Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co., No A 98CA 372, slip op. at 1 (W.D. Tex. Oct. 25, 1999). The district court concluded that fame was an element of Enterprise's claims under the state dilution statutes on which Enterprise relied as well. Id. at 10. Therefore, the district court held, Enterprise could not recover for dilution under federal or state law.

On appeal, the Fifth Circuit upheld the district court's determination that Enterprise's marks were insufficiently famous to win relief under the FTDA or under the Arkansas and New Mexico anti-dilution statutes. Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co., 238 F.3d 378, 381, 57 USPQ2d 1561, 1564 (5th Cir. 2001). However, the Fifth Circuit held that the district court erred in its conclusion that lack of fame barred recovery under the Louisiana and Texas anti-dilution statutes, because both those statutes

"require[ ] only distinctiveness, not fame." Id. The court, therefore, affirmed the judgment for Advantage on Enterprise's claim under the FTDA and the anti-dilution statutes of Arkansas and New Mexico, but remanded for a determination of whether the mark was sufficiently "distinctive" to state a claim under the Texas or Louisiana dilution statutes. Id.

Following the Fifth Circuit litigation, the Board dismissed Enterprise's opposition. Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc., 62 USPQ2d 1857, 1858 (TTAB 2002). The Board held that Enterprise's claim of dilution under the FTDA was barred by res judicata, because the district court and the Fifth Circuit had already decided that Enterprise's mark was not famous. While Enterprise argued that its mark had achieved fame in the period after the admission of evidence on fame in the district court in 1999, the Board held that "a party seeking to invoke dilution as a ground for cancellation must establish that its mark became famous prior to applicant's first use of the mark." Id. at 1861 (citation omitted). "Unless [Enterprise] can establish that its mark was famous prior to [Advantage's] use – anywhere in the country – it cannot prevail." Id. The Board found that "[a]s noted in the Fifth Circuit's opinion, applicant has used the mark since at least as early as 1990," making "the question of whether opposer's mark has achieved fame since the earlier trial . . . irrelevant." Id. at 1860-61.

The Board also rejected Enterprise's argument "that we must consider the respective rights of the parties in each geographical area in which they do business," based on its conclusion that "[b]y long-

standing policy, the Board will consider geographic limitations only in the context of a concurrent use proceeding, [37 C.F.R. §] 2.133(c) . . . and we see nothing in the FTDA or the [Trademark Amendments Act of 1999] which would support a different result."[2] Id. at 1861.

Finally, the Board denied Enterprise's motion to amend its opposition to include claims of dilution under state statutes. After analyzing the language and the legislative history of the FTDA and of the Trademark Amendments Act of 1999, the Board concluded that it did not have jurisdiction to entertain grounds for opposition based on state dilution statutes. Id. at 7.

Enterprise timely appealed. We have jurisdiction pursuant to 15 U.S.C. § 1071(a)(1) and 28 U.S.C. § 1295(a)(4)(B).

DISCUSSION

I

Trademark infringement law originated in the English common law of unfair competition. Moseley v. V Secret Catalogue, Inc., No. 01-1015, slip op. at 12. (U.S. Mar. 4, 2003). Trademarks traditionally were not considered property, like patents or copyrights. In 1918, the Supreme Court held, "[t]here is no such thing as property in a trade-mark except as a right appurtenant

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[2] 37 C.F.R. § 2.133(c) provides, "[g]eographic limitations will be considered and determined by the Trademark Trial and Appeal Board only in the context of a concurrent use registration proceeding."

to an established business or trade in connection with which the mark is employed. The law of trade-marks is but a part of the broader law of unfair competition . . . ." United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918). The Court further described "the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy." Id. Instead, trademark law began as "both protection against unfair competition and a form of consumer protection against deception." David S. Welkowitz, Trademark Dilution: Federal, State, and International Law 4 (2002).

Thus, trademark law, both in the infringement and registration context, traditionally has been concerned with protecting consumers from being misled by the use of confusingly similar marks on goods originating from different producers, and with protecting a trademark owner's "good will against the sale of another's product as his." Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924); see also Moseley, No. 01-1015, slip op. at 12; Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 163-64 (1995); United Drug Co., 248 U.S. at 97; McClean v. Fleming, 96 U.S. 245, 255 (1877); 1 Jerome Gilson et al., Trademark Protection & Practice § 1.03[2], at 1-21 to 1-22 (2002). This traditional view defined trademark law as prohibiting only those uses that "convey a false impression to the public mind, and [are] of a character to mislead and deceive the ordinary purchaser in the exercise of ordinary care and caution in such matters." McClean, 96 U.S. at 255; see also Welkowitz, supra, at 4 ("Traditional trademark infringement protects mark owners and consumers

from uses of the same or similar marks that cause confusion among potential consumers.") (emphasis in original).

When Congress codified the common law on trademarks and unified the existing federal trademark statutes in the Trademark Act of 1946, Pub. L. No. 79-489, 60 Stat. 427 (codified as amended in scattered portions of 15 U.S.C.) ("the Lanham Act"), it reflected this traditional view of the nature of trademark protection and its limits:

> Trade-marks are merely a convenient way of distinguishing the goods of one trader from those of another. By furnishing a means of identification, they perpetuate good will, and enable purchasers, by recognizing the marks, to buy again the goods which have pleased them before.... The public is thus assured of identity, and is given an opportunity to choose between competing articles. To protect trade-marks, i.e., marks which permit the goods of different makers to be distinguished from each other, is to promote competition and is sound public policy.
>
> The protection which is accorded is security against misrepresentation as to the origin of goods, by suppressing imitations which are calculated to mislead buyers into the belief that the goods of one maker are those of another.

H.R. Rep. No. 76-944, at 3 (1939) (internal citation omitted); see also 1 Gilson, supra, § 1.03[3][b]. Hence, the Lanham Act prohibits the federal registration of a mark which "so resembles a mark registered in the Patent Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion or mistake or to deceive purchasers." 15 U.S.C. § 1052(d) (2000).

Because the primary evil to be prevented by the Lanham Act is the likelihood of consumer confusion, and not the protection of exclusive, gross rights in intellectual property, the Lanham Act also allows for the concurrent federal registration of marks for use in different geographic areas, so long as such use does not cause likelihood of consumer confusion. The Act provides:

> if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce . . . .

15 U.S.C. § 1052(d) (2000). Concurrent use registrations can be obtained in concurrent use proceedings before the Board, 37 C.F.R. § 2.99 (2002), or by order of the

district court in a civil action. 15 U.S.C. § 1119 (2000). Our predecessor court defined the standards for the grant of concurrent use registrations and also articulated the complex rules for determining the geographic scope of each party's right to the trademark, according to priority of use, priority of registration, and agreements between the parties, in the 1970 decision In re Beatrice Foods Co., 429 F.2d 466, 474-76, 166 USPQ 431, 436-38 (CCPA 1970).[3]

II

The cause of action for trademark dilution, unlike traditional trademark infringement law, is a relatively recent theory of relief. As the Supreme Court recently noted, "[u]nlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers." Moseley, No. 01-1015, slip op. at 13. Rather, dilution law is intended to protect a mark's owner from dilution of the mark's value and uniqueness. Id.; see also Ringling Bros. - Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 453-54, 50 USPQ2d 1065, 1068-69 (4th Cir. 1999). The first dilution statute was adopted by Massachusetts in 1947, providing a cause of action for dilution "notwithstanding the absence of competition between the parties or the absence of

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[3] Territorial rights can also be decided in civil actions for trademark infringement that are based on likelihood of confusion. Our sister circuits have developed rules for allocating territorial rights in this context. See, e.g., Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc., 831 F.2d 1177, 4 USPQ2d 1709 (1st Cir. 1987); Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358, 121 USPQ 430 (2d Cir. 1959).

confusion as to the source of goods or services." Mass. Gen. Laws ch. 110B, § 12 (1999). Some state statutes provide dilution protection only for "famous" marks. See, e.g., Ark. Code Ann. § 4-71-213 (2002); N.M. Stat. Ann. § 57-3B-15 (2002). Other states appear not to require a showing that a mark is "famous." See, e.g., La. Rev. Stat. Ann. § 51:223.1 (West 2002); Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002).

In 1995 Congress passed the FTDA. The legislation was the result of a desire to bring uniformity and nationwide scope to the law of trademark dilution, by creating a federal civil remedy for trademark dilution:

> Presently, the nature and extent of the remedies against trademark dilution varies from state to state and, therefore, can provide unpredictable and inadequate results for the trademark owner. The federal remedy provided in H.R. 1295 against trademark dilution will bring uniformity and consistency to the protection of famous marks. . . .

H.R. Rep. No. 104-374, at 3 (1995). The House Judiciary Committee stated that "[t]he purpose of H.R. 1295 is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of likelihood of confusion." Id. at 2. As examples of famous marks, the committee mentioned DUPONT, BUICK, and KODAK, and stated that "[t]he geographic fame of the mark must extend throughout a substantial portion of the U.S." Id. at 3, 7.

In addition to creating a federal dilution remedy, the Act sought to achieve uniformity by providing that the ownership by a person of a federal registration "shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark." 15 U.S.C. § 1125(c)(3) (2000). This provision was intended to further "the intent of the Lanham Act 'to protect registered marks used in such commerce from interference by state, or territorial legislation.'" H.R. Rep. No. 104-374, at 7 (quoting 15 U.S.C. § 1127 (2000)).

The FTDA, while providing a civil remedy for trademark dilution, did not by its terms add dilution as one of the grounds for opposition to trademark registration under 15 U.S.C. § 1063, or as one of the grounds for cancellation of registration under 15 U.S.C. § 1064. In 1996, the Board held that trademark dilution under the FTDA was not a statutory ground for opposition to or cancellation of trademark registration. Babson Bros. Co. v. Surge Power Corp., 39 USPQ2d 1953, 1954-55 (TTAB 1996). A bill was then introduced in the House to add dilution under the FTDA as a ground of opposition. H.R. 1565, 106th Cong. (1999). That bill was enacted as part of the Trademark Amendments Act of 1999. The new statute amended the Lanham Act's provision on "Opposition to registration" to provide that "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c) of this title, may . . . file an opposition." 15 U.S.C. § 1063(a) (2000) (emphasis added). In enacting the legislation, the

House Judiciary Committee specifically cited the Board's decision in Babson as "illuminat[ing] the need for further legislation." H.R. Rep. No. 106-250, at 5 (1999). The new legislation was intended to "provide[ ] holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as provided in the [Federal Trademark] Dilution Act." Id. at 4-5.

III

Enterprise in this appeal does not challenge that the district court and the Fifth Circuit's determined that its mark was not famous as of the late 1990s or that res judicata applies as to that question.[4] However, Enterprise contends that prior use by Advantage in a limited geographic area does not bar its claim of dilution in the opposition proceedings. Enterprise reasons that the Board must consider whether Enterprise's mark has achieved fame since the late 1990s. We reject this argument and conclude that any prior use, even in a limited geographic area, defeats an

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[4] Enterprise's position on this question has not been consistent. Before the Board, Enterprise argued that the Fifth Circuit determined that its mark was not famous "as of 1999." Opposer's Memorandum in Opposition to Applicant's Motion to Dismiss for Failure to State a Claim at 2, Enterprise, Opp. No. 120,101 (TTAB May 2, 2001). In this court, however, Enterprise argues that the Fifth Circuit determined its mark was not famous "as of mid-1997." (Appellant's Brief at 23.) As the Board observed, "[n]either the district court nor the Fifth Circuit specifically addressed the question of timing, i.e., when the mark was (or was not) famous." Enterprise, 62 USPQ2d at 1860 n.9. We need not decide the effective date of the Fifth Circuit's fame determination, however, because we hold that Enterprise's lack of fame prior to Advantage's first use in 1990 bars its claim of dilution under the FTDA.

injunction under section 1125(c), and, therefore, bars a claim of dilution as a ground for opposition under section 1063.

We begin with an examination of the plain language of the statute. Info. Tech. & Applications Corp. v. United States, 316 F.3d 1312, 1320 (Fed. Cir. 2003). The statute provides, in relevant part, that the owner of a famous mark is entitled "to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous." 15 U.S.C. § 1125(c) (2000). Standard dictionary definitions define the word "such" in this context to mean, "having a quality already or just specified - used to avoid repetition of a descriptive term . . . of this or that character, quality, or extent : of the sort or degree previously indicated or implied." Webster's Third New International Dictionary 2283 (1968). The language of the statute standing alone and divorced from its context, purpose, and history is perhaps ambiguous. The term "such use" could refer to any use by the defendant in commerce. Alternatively, the reference to "such use" could refer to the particular use being challenged in the litigation. If the use being challenged were limited to a particular geographic area in which there had been no prior use by the defendant, the suit would not be barred. However, we think that the latter is not a tenable reading of the statute. The entire purpose of the statute was to provide for nationwide relief against diluting uses in a single federal proceeding in order to avoid the problem of multiple suits under individual state statutes:

> A federal dilution statute is necessary because famous marks ordinarily are used on a nationwide basis and dilution protection is currently only available on a patch-quilt system of protection . . . . Further, court decisions have been inconsistent and some courts are reluctant to grant nationwide injunctions for violation of state law . . . . This simply encourages forum-shopping and increases the amount of litigation.

H.R. Rep. No. 104-374, at 3-4. Thus, we think that the statute simply did not contemplate suits limited to particular geographic areas and that the statute's reference to "such use" must refer to any use in commerce. In this connection it is significant that there is no qualification in the statute requiring that the defendant's prior use be substantial or cover a wide geographic area to defeat an injunction under the statute.

It is clear, moreover, that Congress was cognizant of the question of the geographic extent of marks in enacting the FTDA. One of the factors Congress directed courts to consider in determining whether a mark had achieved fame was, "the geographical extent of the trading area in which the mark is used." 15 U.S.C. § 1125(c)(1)(D) (2000). Had Congress intended to include a requirement that a defendant's prior use cover a substantial geographic area in order to defeat an injunction under the Act, it knew how to do so. "[W]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts

intentionally and purposely in the disparate inclusion or exclusion." Russello v. United States, 464 U.S. 16, 23 (1983) (citation omitted).

Enterprise nonetheless contends that the provision relating to concurrent geographic use in the likelihood of confusion context requires a different interpretation of the statute. Section 2(d) of the Lanham Act provides, in part:

> if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks . . . concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce.

15 U.S.C. § 1052(d) (2000). In Beatrice Foods, our predecessor court held that "[o]nce there has been a determination that both parties are entitled to a federal registration, the extent to which those registrations are to be restricted territorially must . . . be governed by the statutory standard of likelihood of confusion." 429 F.2d at 474, 166 USPQ at 436. The court held that generally in concurrent use proceedings (involving likelihood of confusion) in which neither party has registered its mark, the prior user is entitled to a registration covering the entire United States, including areas of its use and non-use, subject only to the exception of geographic areas where the junior user can prove prior use. The junior user is, in effect, frozen in its area of prior use. However, generally where the junior user has previously

obtained federal registration, the policy of rewarding registration requires granting the prior registrant nationwide registration, subject only to those areas where the senior user can prove prior use. Id. at 474-76, 166 USPQ at 436-38; see also 3 J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition § 20:84 (4th ed. 2002).[5]

While Enterprise's argument is less than clear, apparently Enterprise contends that it should be treated like a junior user that has obtained registration, entitling it to priority of use throughout the United States, except where Advantage was the prior user. It is, therefore, supposedly entitled to defeat a nationwide registration of the mark by Advantage. It is clear that Congress rejected this approach. There is no provision in the Lanham Act to allow for concurrent use registrations in the dilution context. In fact, when Congress amended section 1063 of the Lanham Act in 1999 to add dilution under the FTDA as a ground for opposition, it also amended section 1052, the section that grants the Board the power to issue concurrent use registrations, to make clear that dilution could not be considered in proceedings brought under that section. 15 U.S.C. § 1052(f) (2000). The statute provides: "A mark which when used would cause dilution under section 1125(c) of this title may be refused registration only pursuant to a proceeding brought under section 1063 of this title." Id. Section 1063 does not provide for concurrent use registrations, an omission that must be seen as a

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5 There also may be instances where, in order to prevent likelihood of confusion, the Board must award concurrent use registrations that leave portions of the nation unregistered. See Beatrice Foods, 429 F.2d at 473, 166 USPQ at 436.

deliberate choice made by Congress.[6] It is not the province of this court or of the Board to read a new provision into the FTDA to the effect that the Board may grant concurrent use registrations to avoid trademark dilution.

Our conclusion that any prior use, even in a limited geographic area, defeats a claim of dilution in a civil action under section 1125(c) leads to the conclusion that it defeats an opposition to registration based on dilution under section 1063. Section 1063 explicitly incorporates the definition of dilution from section 1125(c), allowing for the filing of an opposition by "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c)." 15 U.S.C. § 1063(a) (2000) (emphasis added). This is confirmed by the legislative history, which states that the law "provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as provided in the [FTDA]." H.R. Rep. No. 106-250, at 4 (1999). Because there can be no dilution under the FTDA where the allegedly famous mark did not achieve fame prior to any use by the accused infringer, there can be no opposition based on dilution under such circumstances.

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[6] Even if Congress had extended the Lanham Act provisions on concurrent use to the FTDA, it would not lead to the result Enterprise seeks - prevention of Advantage's federal registration. Rather, the proceeding would be converted to a concurrent use proceeding, in which Advantage would be eligible to receive federal concurrent use registration. See, e.g., Faces, Inc. v. Face's, Inc., 222 USPQ 918, 919 (TTAB 1983).

Because Advantage used the mark in the San Antonio, Texas, area in 1990, before Enterprise's mark allegedly became famous,[7] the Board correctly rejected Enterprise's opposition and registered the Advantage mark.

IV

Enterprise's final contention is that the Board improperly refused to allow it to amend its opposition to include claims of dilution under state dilution statutes. Some of these statutes appear to apply without regard to the fame of the mark, and so Enterprise would not be barred by res judicata from pressing these claims before the Board. The Board refused the motion to amend, holding that the Trademark Amendments Act did not add dilution under state statutes as a ground for opposition. Enterprise, 62 USPQ2d at 1858-59. We agree with the Board.

The new statute provides for oppositions based on "dilution under section 1125(c)," not based on dilution under state law. And as discussed above, the legislative history indicates that Congress enacted this provision in response to the Board's decision in Babson, which dealt with the question of whether opposition could be based on dilution under the FTDA. See H.R. Rep. No. 106-250, at 5; Babson, 39 USPQ2d at 1953. The House Judiciary Committee explicitly stated, "[s]ection two provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause

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[7] In fact, the district court found that Enterprise did not even use its mark as the company slogan until 1994, four years after Advantage's prior use began in 1990. Advantage, No. A 98CA 372, slip op. at 3 & n.2.

dilution as provided in the 'Federal Trademark Dilution Act of 1995.'" H.R. Rep. No. 106-250, at 4 (emphasis added). There is nothing in the language or in the legislative history of the Trademark Amendments Act of 1999 to suggest that Congress added to the statute any grounds for opposition other than dilution under the FTDA, much less dilution under state statutes.[8] And rejecting such an opposition is consistent with one of the

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[8] Enterprise argues that by overruling Babson, Congress intended to overrule the longstanding Board rule mentioned in Babson that violations of state dilution statutes do not constitute aground for opposition or cancellation. This argument is unsupported.

Babson presented the question of first impression of whether dilution under the FTDA constituted a ground of opposition, and merely noted by way of a passing footnote the well-established Board rule regarding state dilution causes of action. Babson, 39 USPQ2d at 1954 n.4 (citing Devries v. NCC Corp., 227 USPQ 705, 706 n.3 (TTAB 1985); and K2 Corp. v. Philip Morris Inc., 192 USPQ 174 (TTAB 1976), aff'd, Philip Morris Inc. v. K2 Corp., 555 F.2d 815, 194 USPQ 81 (CCPA 1977)). There is no suggestion in the legislative history of the Trademark Amendments Act of 1999 that Congress was concerned with the state law aspect of Babson. Babson was uniformly described in the legislative history as a case that rejected dilution under the FTDA as a ground for opposition. See, e.g., H.R. Rep. No. 106-250, at 5 (quoting Babson, 39 USPQ2d at 1954) (stating that Babson "illuminated the need for further legislation," because "the Board held, 'Based on the provisions of the Federal Dilution Act . . . we hold that the framers of the law did not intend to provide a new statutory ground for opposition and cancellation.'"); 145 Cong. Rec. S7,452-56 (daily ed. June 22, 1999) (statement of Sen. Hatch) ("In Babson Bros. Co. v. Surge Power Corp, 39 USPQ2d 1953 (TTAB 1996), the TTAB held that it was not authorized by the Federal Trademark Dilution Act to consider dilution as grounds for opposition or cancellation of a registration. Thus, under current law a trademark owner may seek relief under the federal dilution statute only after dilution of the mark has occurred.").

stated purposes of the Lanham Act, "to protect registered marks used in such commerce from interference by State, or territorial legislation." 15 U.S.C. § 1127 (2000); see also H.R. Rep. No. 104-374, at 7.

To be sure, the statute allows oppositions to be filed by "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c)." 15 U.S.C. § 1063(a) (2000). Enterprise argues that this provision allows for the filing of an opposition based on alleged damage as defined by state causes of action. We held in Young v. AGB Corp., 152 F.3d 1377, 47 USPQ2d 1752 (Fed. Cir. 1998), however, that this language merely states the requirement for standing. Id. at 1379-80, 47 USPQ2d at 1754. Once standing is established, in order to state a claim, an opposer must base its ground of opposition on a statutory claim found in the Lanham Act. Id. at 1380, 47 USPQ2d at 1754. But the Lanham Act does not create a ground for opposition based on state dilution law.

Enterprise in this case sought to amend its opposition to add claims under state law; the Board did not abuse its discretion in refusing those amendments.

CONCLUSION

For the foregoing reasons, the judgment of the Board is

AFFIRMED

COSTS

No costs.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

NOTICE OF ENTRY OF
JUDGMENT ACCOMPANIED BY OPINION

OPINION FILED AND JUDGMENT ENTERED:
05/30/03

The attached opinion announcing the judgment of the court in your case was filed and judgment was entered on the date indicated above. The mandate will issue in due course.

Information is also provided about petitions for rehearing and suggestions for rehearing en banc. The questions and answers are those frequently asked and answered by the Clerk's Office.

No costs were taxed in this appeal.

Regarding exhibits and visual aids: Your attention is directed to FRAP 34(g) which states that the clerk my destroy or dispose of the exhibits if counsel does not reclaim them within a reasonable time after the clerk gives notice to remove them. (The clerk deems a reasonable time to be 15 days from the date the final mandate is issued.)

JAN HORBALY
Clerk

cc: RUDOLPH A. TELSCHER, JR.
WILLIAM D. RAMAN

ENTERPR RENT-A-CAR V ADV RENT-A-CAR, 02-1444
PTO-120,101

United States Court of Appeals for the Federal Circuit

02-1444
(Opposition no. 120,101)

ENTERPRISE RENT-A-CAR COMPANY,
Appellant,

v.

ADVANTAGE RENT-A-CAR, INC.,
Appellee.

JUDGMENT

Appealed from:
United States Patent and Trademark Office
Trademark Trial and Appeal Board

in CASE NO(S).

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

AFFIRMED

ENTERED BY
ORDER OF THE COURT
DATED MAY 30 2003 /s/ Jan Horbaly
Jan Horbaly

THIS OPINION IS CITABLE AS PRECEDENT OF THE T.T.A.B.

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Mermelstein

Mailed: March 26, 2001

[Entered: March 26, 2001]

Opposition No. 120,101

Enterprise Rent-A-Car Company
v.
Advantage Rent-A-Car Inc.

Before Bucher, Rogers, and Drost, administrative trademark judges.

By the Board.

On March 26, 2001, applicant filed a "motion to dismiss for failure to state a claim." Because applicant's motion relied upon matters outside of the pleadings,[1] the Board notified the parties by order dated April 2, 2001, that the motion would be treated as one for summary judgment.[2] *See* Fed. R. Civ. P. 12(b). With its brief in opposition to applicant's motion for judgment, opposer filed a motion to amend its notice of opposition to add claims for relief under state dilution statutes. Applicant filed a reply in support of its motion for summary judgment (which we have considered) and an opposition to opposer's motion to amend. Finally, on July 2, 2001, opposer filed a motion to file a surreply to the motion for summary judgment, along with its proffered surreply.

MOTION FOR LEAVE TO FILE SURREPLY

Trademark Rule 2.127(e)(1) states that "The Board may, in its discretion consider a reply brief. * * * *No further papers in support of or in opposition to a motion for summary judgment will be considered by the Board.*" (emphasis added.) *See also, No Fear Inc. v. Rule*, 54 USPQ2d 1551, 1553 (TTAB 2000) (reply briefs are disfavored; no further papers may be considered under Board's rules).

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1 Specifically, applicant relies on the opinion and judgment on appeal in a civil action between the parties herein, *Advantage Rent-A-Car Inc. v. Enterprise Rent-A-Car Co.*, 238 F.3d 378, 57 USPQ2d 1561, 1562-63 (5th Cir. 2001).

2 To avoid confusion, applicant's motion is referred to herein as a motion for summary judgment.

The quoted language of Rule 2.127(e)(1) leaves the Board with no discretion in this matter. Even if it did, however, we would not exercise it to consider the surreply in this case. There must be an end to every argument and a party's desire to have the last word is not a sufficient ground to ignore the Board's rules for briefing. Opposer's motion is DENIED, and its surreply has not been considered.

MOTION FOR LEAVE TO AMEND PLEADING

Opposer now seeks leave to amend its notice of opposition to add claims for dilution based on state law.[3] Under Fed. R. Civ. P. 15(a), once a responsive pleading is filed, a party may amend a pleading only by leave of the court, "and leave shall be freely given when justice so requires."

Consistent with the exhortation in Fed. R. Civ. P. 15(a), the Board is liberal in granting leave to amend, provided the amendment would not violate settled law or be prejudicial to the rights of the adverse party. *E.g., Polaris Industries Inc. v. DC Comics*, 59 USPQ2d 1798, 1799 (TTAB 2000); TBMP § 507.01 (and cases cited therein). However, the Board will deny a motion for leave to amend if the proffered pleading is itself legally insufficient, or would serve no useful purpose. *Polaris*, 59 USPQ2d at 1798.

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[3] Specifically, opposer wishes to plead grounds for opposition arising under the anti-dilution statutes of Alabama, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New York, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Washington, West Virginia, and Wyoming. Motion, May 14, 2001, p. 2.

Prejudice to applicant is not an issue in this case. Trial has not yet begun, and the Board could easily ameliorate any difficulty resulting from amendment by extending the discovery period. *See, e.g., Buffett v. Chi-Chi's, Inc.*, 226 USPQ 428, 431 (TTAB 1985). Nonetheless, we deny opposer's motion, because the Board has no jurisdiction to decide issues arising under state dilution laws.

A review of the history of dilution claims before the TTAB is instructive. Prior to 1995, many states recognized claims for trademark dilution. It had long been held, however, that claims for dilution were not a cognizable ground for opposition or cancellation before the Board. *E.g., Max Factor & Co. v. Clairol Inc.*, 163 USPQ 240, 243 (TTAB 1969); *Geo. A. Dickel Co. v. General Mills, Inc.*, 317 F.2d 954, 137 USPQ 891, 892 (CCPA 1963); *K2 Corp. v. Philip Morris Inc.*, 192 USPQ 174, 177 (TTAB 1976), *aff'd*,555 F.2d 815, 194 USPQ 81 (CCPA 1977).

In 1995, in order to provide a federal cause of action for trademark dilution, Congress passed the Federal Trademark Dilution Act of 1995 (FTDA). Pub. L. No. 104-98, 109 Stat. 985. The FTDA amended Trademark Act § 43 to provide a remedy for dilution.[4] In *Babson Bros. Co. v. Surge Power Corp.*, 39 USPQ2d 1953 (TTAB 1996), the Board held that while the FTDA provided "a federal cause of action in courts," it did not explicitly or implicitly provide a new ground for opposition or cancellation before the Board. *Babson*, 39 USPQ2d at 1954-55.

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[4] The FTDA also amended Trademark Act § 45 by inserting a definition of "dilution."

Finally, pursuant to the Trademark Amendments Act of 1999 ("TAA"), Pub. L. No. 106-43, 113 Stat. 218, Congress amended the Trademark Act to provide that dilution is a ground for opposition or cancellation proceedings before the Board. In doing so, the legislative history specifically referred to the Board's decision in *Babson, see, e.g.*, Cong. Rec. June 22, 1999, S7453-54 (1999) (statement of Sen. Hatch). To the extent relevant here, the TAA amended Trademark Act § 13 as follows[5] (wording added by TAA underlined):

> (a) Any person who believes that he would be damaged by the registration of a mark upon the principal register, *including as a result of dilution under section 43(c),* may . . . file an opposition in the Patent and Trademark Office, stating the grounds therefor. . . .

Opposer essentially contends that the term "including" in the TAA has dramatically expanded the Board's jurisdiction in opposition or cancellation proceedings to consider as grounds for Board proceedings any claim asserting a theory by which a "person . . . believes that he would be damaged," including those arising under state dilution statutes. Neither the language of the statute, nor its legislative history supports such a result.

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[5] Trademark Act § 14, governing cancellation proceedings, was similarly amended by the TAA.

It seems hardly necessary to note that the Trademark Trial and Appeal Board is an administrative tribunal, established by statute for narrow and specific purposes, and is not a court of general jurisdiction.[6] *Cf.* Trademark Act § § 17, 18, 20, 24. To that end, the Board and our primary reviewing court have long rejected claims not specifically grounded in statute, regardless of whether "damage" could be shown. *E.g., Person's Co. v. Christman*, 900 F.2d 1565, 14 USPQ2d 1477, 1481 (Fed. Cir. 1990) (Board cannot adjudicate unfair competition claims); *Kelly Services Inc. v. Greene's Temporaries Inc.*, 25 USPQ2d 1460, 1464 (TTAB 1992) (Board may not entertain a claim for declaratory judgment); *Andersen Corp. v. Therm-O-Shield Int'l, Inc.*, 226 USPQ 431, 432, n. 5 (TTAB 1985) (Board may not hear claims alleging unfair competition under Trademark Act § 43(a)); *Yasutomo & Co. v. Commercial Ball Pen Co.*, 184 USPQ 60, 61 (TTAB 1974) (no authority to hear antitrust claims). In the absence of an explicit legislative grant of authority to do so, the Board may not entertain a claim--even if it is alleged to be related to other matters properly before the Board.[7]

Against this legislative and judicial background, it is impossible to interpret the TAA as amending the

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[6] Opposer states that "[t]he proposed amendment is consistent and in accord with the Fifth Circuit's decision" in a civil suit between the same parties, arising out of use of the same mark. However, the Fifth Circuit opinion did not direct opposer to bring its state claims before the Board nor did it address the Board's statutory jurisdiction.

[7] The supplemental jurisdiction exercised by Federal courts does not apply to administrative proceedings such as those before the Board. *See* 28 U.S.C. § 1367(a) and (b) ("in any civil action of which the *district courts* have original jurisdiction. . . ." (emphasis added)).

Trademark Act in the manner proposed by opposer. It is clear that the portion of the TAA quoted above was intended only to legislatively overturn the ruling in Babson by specifically "including . . . dilution *under section 43(c)*," Trademark Act § 13 (italics added), as a ground for opposition. There is nothing either in the plain language of the statute or in the legislative history to support opposer's interpretation.

Opposer's motion to amend is accordingly DENIED.

SUMMARY JUDGMENT

As has often been stated, summary judgment is an appropriate method for disposing of cases in which there are no genuine issues of material fact in dispute, thus leaving the case to be resolved as a matter of law. *See* Fed. R. Civ. P. 56(c). The party moving for summary judgment has the initial burden of demonstrating the absence of any genuine issue of material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317 (1986), and *Sweats Fashions Inc. v. Pannill Knitting Co.*, 833 F.2d 1560, 4 USPQ2d 1793 (Fed. Cir. 1987). A factual dispute is genuine, if, on the evidence of record, a reasonable finder of fact could resolve the matter in favor of the non-moving party. *See Opryland USA Inc. v. Great American Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992), and *Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542 (Fed. Cir. 1992). The evidence must be viewed in a light most favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. *See Lloyd's Food Products Inc. v. Eli's Inc.*, 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993), and *Opryland USA*, 23 USPQ2d at 1472-73.

Relevant Facts

The notice of opposition in this matter was based solely on dilution under Trademark Act § 43(c).[8] Simultaneous with the filing of its notice of opposition, opposer moved for an immediate suspension of this proceeding, noting that the parties were engaged in civil litigation which, in opposer's words,

> will likely be dispositive on the ground (i.e., dilution) upon which Enterprise is opposing Advantage's application to register "We'll Even Pick You Up." Thus, the proceedings before the Board would be unnecessarily duplicative of the litigation in the civil action.

The Board instituted this opposition proceeding, granted opposer's motion, and immediately stayed further action in view of the civil action between the parties.

Applicant's motion for summary judgment essentially contends that the matters now decided in the civil action between the parties are *res judicata*, and fully dispose of opposer's pleaded claim in this proceeding. Applicant points out that the trial court found that Enterprise's mark was neither sufficiently

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[8] Although some of opposer's allegations might be construed as alleging a likelihood of confusion under Trademark Act § 2(d), it appears that the parties entered into a partial consent judgment in their civil action in which they agreed and consented to judgment that there is no likelihood of confusion arising from the use of their respective marks. *Advantage v. Enterprise*, 57 USPQ2d at 1562-63. Neither party contends that likelihood of confusion is an issue in this proceeding.

distinctive nor famous to sustain an action for dilution under Trademark Act § 43(c),[9] a holding which was affirmed on appeal. *Advantage v. Enterprise*, 57 USPQ2d 1561. The Fifth Circuit remanded the case to the trial court for further proceedings on some of Enterprise's state dilution claims.[10]

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9 According to the Fifth Circuit,

> Enterprise did not prove that its slogan was sufficiently "famous," even within the car rental market. As the district court explained, dilution is an extraordinary remedy, and Enterprise failed to prove that such common, descriptive words as "we'll pick you up" should be given monopoly protection in favor of an early user any more than such words as "we deliver" or "we pay the postage."

Advantage v. Enterprise, 7 USPQ2d at 1563.

Neither the district court nor the Fifth Circuit specifically addressed the question of timing, *i.e.*, when the mark was (or was not) famous. Nonetheless, it is clear that both courts were convinced that the mark did not, and never had, achieved fame sufficient to support a finding of dilution under the FTDA.

10 The Fifth Circuit found that the district court had incorrectly concluded that "fame" is a necessary element under the dilution statutes of Texas and Louisiana, and remanded for further proceedings with regard to those state claims. *Advantage v. Enterprise*, 57 USPQ2d at 1564. Notwithstanding that proceedings are apparently still ongoing with respect to the Texas and Louisiana claims, opposer does not contend that the Fifth Circuit decision is not final with respect to claims under the FTDA. *Cf. Tronzo v. Biomet, Inc.*, 236 F.3d 1342,57 USPQ2d 1385, (Fed. Cir. 2001), *cert. denied*, __ U.S. __ 122 S. Ct. 580 (2001) (party which failed to appeal punitive damages award may not later argue that such damages are excessive when compensatory damages are dramatically reduced on remand).

Res Judicata

As our primary reviewing court said recently, under the doctrine of *res judicata,*

> a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action. Over the years, the doctrine has come to incorporate common law concepts of merger and bar, and will thus also bar a second suit raising claims based on the same set of transactional facts. Accordingly, a second suit will be barred by claim preclusion if: (1) there is identity of parties (or their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first.

Jet, Inc. v. Sewage Aeration Systems, 223 F.3d 1360, 55 USPQ2d 1854, 1856 (Fed. Cir. 2000) internal citations and quotation marks omitted).

Analysis

There is no genuine issue of material fact at issue. Opposer does not contend that all of the necessary elements for the application of *res judicata* have not been satisfied, or that the judgment in the civil action is not final or binding to the extent relevant here. Rather, opposer contends that were it to prevail "on any aspect of the Fifth Circuit litigation, [opposer] will obtain an injunction against [applicant] and [applicant] would absolutely be precluded from a federal

trademark registration because it would not be entitled to nationwide use." Memorandum in Opposition at 1-2.

We disagree. As noted, the only matters which have not been finally decided in the civil litigation are claims for dilution under state statutes. But as we explained above in connection with opposer's motion to amend, such claims are not appropriate grounds for opposition and cannot be considered by the Board. Indeed, the only pleaded matter which could properly be put before us has already been decided in the civil action.[11]

Finally, while opposer "strongly disagree[s]" that its mark was not famous at the time of trial,[12] it claims that the mark has achieved fame since then. Memorandum in Opposition at 2. Opposer's argument is too little, too late. Too little, because the "distinctive and famous" requirement of Trademark Act § 43(c) is a question to be determined by looking to the factors set out in the statute, not to any other standard such as those used under a particular state's dilution law, which opposer would have us import into the federal dilution statute.

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11 Needless to say, if the Federal court does ultimately find for opposer on one or more state claims, nothing in this decision precludes opposer from seeking from the court any remedy with respect to a resulting registration that may be appropriate. *See* Trademark Act § 37.

12 In opposing the motion for summary judgment, opposer takes issue with the conclusions of the district court and the Fifth Circuit. If opposer disagreed with the outcome in the district court and the Fifth Circuit, the Board is not the appropriate forum to obtain relief. Opposer may not collaterally attack the judicial proceedings in this forum.

More importantly, however, opposer's argument is too late, because a party seeking to invoke dilution as a ground for cancellation must establish that its mark became famous prior to applicant's first use of the mark. *Toro Co. v. ToroHead Inc.*, 61 USPQ2d 1164, 1174 n. 9 (TTAB 2001). As noted in the Fifth Circuit's opinion, applicant has used the mark since at least as early as 1990. 57 USPQ2d at 1562. Since opposer could not show in district court that its mark was ever distinctive and famous, the question of whether opposer's mark has achieved fame *since* the earlier trial is irrelevant.

Opposer argues, however, that we must consider the respective rights of the parties in each geographical area in which they do business. Memorandum in Opposition at 6-7. To the extent we understand it, under opposer's theory, a dilution plaintiff need only prove that its mark became famous in a particular geographical area prior to the defendant's use *in that area.* Thus, use prior to the attainment of fame in plaintiff's mark would – at most – preclude a finding of dilution *only* in the areas in which the defendant had actually used the allegedly diluting mark.

Suffice it to say that we do not find opposer's authorities -- all likelihood of confusion cases decided prior to enactment of the FTDA -- persuasive support for its theory. Federal registration generally affords the owner rights which are national in scope. *See* Trademark Act § 7(c). By long-standing policy, the Board will consider geographic limitations only in the context of a concurrent use proceeding, Trademark Rule 2.133(c); TBMP § 1101.02, and cases cited therein, and we see nothing in the FTDA or the TAA which would support a different result.

Applicant alleges use of the mark as early as 1990. Assuming such use could be proved, whether opposer's mark is famous today is of little relevance. Unless opposer can establish that its mark was famous prior to applicant's use -- anywhere in the country -- it cannot prevail. On this point, opposer is barred by the federal court's judgment and the doctrine of claim preclusion from attempting to prove its mark was famous prior to 1999.

After careful consideration of the evidence and argument of record, we conclude that there are no genuine issues of material fact, and that applicant is entitled to judgment as a matter of law. Fed. R. Civ. P. 56. Accordingly, applicant's motion for summary judgment is GRANTED, and the opposition is dismissed with prejudice.

United States Court Of Appeals For The Federal Circuit

ORDER
[ENTERED: JULY 9, 2003]

A petition for rehearing en banc having been filed by the APPELLANT, and the matter having first been referred as a petition for rehearing to the panel that heard the appeal, and thereafter the petition for rehearing en banc having been referred to the circuit judges who are in regular service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on July 16, 2003.

FOR THE COURT,
/s/ Jan Horbaly
Jan Horbaly

Dated: July 9, 2003
cc: Rudolph A. Telscher, Jr.
William D. Raman

ENTERPR RENT-A-CAR V ADV RENT-A-CAR, 02-1444
(PTO - 120,101)

****

* Note: Pursuant to Fed. Cir. R. 47.6, this order is not *
* citeable as precedent. It is a public record. *

****

15 U.S.C.§1063.

(a) Any person who believed that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 43(c) [15 USC §1125(c)], may, upon payment of the prescribed fee, file a notice of opposition in the Patent and Trademark Office, stating the grounds therefor, within thirty days after the publication under subsection (a) of section 12 of this Act [15 USC §1062] of the mark sought to be registered. Upon written request prior to the expiration of the thirty-day period, the time for filing opposition shall be extended for an additional thirty days, and further extensions of time for filing opposition may be granted by the Director for good cause when requested prior to the expiration of an extension. The Director shall notify the applicant of each extension of the time for filing opposition. An opposition may be amended under such conditions as may be prescribed by the Director.

15 U.S.C. §1125.

(c) Remedies for dilution of famous marks.

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

No. 03-536

In The

Supreme Court of the United States

ENTERPRISE RENT-A-CAR COMPANY,

Petitioner,

v.

ADVANTAGE RENT-A-CAR, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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PARTIES TO THE PROCEEDING

The Petition accurately lists the parties to the proceeding.

Advantage Rent-A-Car, Inc. is a fully-owned subsidiary of Walker Resources, Inc., a privately held Texas corporation.

TABLE OF CONTENTS

	Page
Parties to the Proceeding	i
Table of Contents	ii
Table of Authorities	iv
Opinions Below	1
Statement of the Case	1
Reasons for Denying the Writ	7
I. The Intent And Purpose Of The Lanham Act Is, In Part, To Provide A Registration And Notice System For Trademark Owners That Secures Rights Free From Interference By State Or Territorial Legislation; Enterprise's Position Is Totally Contrary To That Intent And Purpose	8
II. Enterprise's Argument That State Dilution Was Added As A Basis For Opposition And Cancellation Is Not Supported By The Congressional Record Or By Logic	12
III. Enterprise's Attempts To Analogize The FTDA To Trademark Common Law Are Misguided And Would Wreak Havoc On Trademark Jurisprudence If Followed	16
IV. The Present Action Is Illustrative Of The Potential For Endless, Successive Litigation That Enterprise's Theories Would Engender; The Federal Circuit Properly Rejected Such Theories	19

TABLE OF CONTENTS – Continued

Page

V. Enterprise's Criticism Of The Federal Circuit's Reference To The Concurrent Use Provisions Of The Lanham Act Demonstrates Enterprise's Misunderstanding Of Trademark Law And The Lanham Act 22

Conclusion 23

Appendix ..... App. 1

TABLE OF AUTHORITIES

Page

CASES CITED:

Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co., A 98CA 372 (W.D. Tex. Oct. 25, 1999).....1, 2, 3

Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co., 238 F.3d 378, 57 USPQ.2d 1561 (5th Cir. 2001).....1, 6, 19, 21

Babson Brothers Co. v. Surge Power Corp., 39 USPQ.2d 1953 (TTAB 1996).....13

Geo. A. Dickel Co. v. General Mills, Inc., 317 F.2d 954, 137 USPQ 891 (CCPA 1963).....9, 13

Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 36 S.Ct. 357, 60 L.Ed. 713 (1916).....7, 16, 22

K2 Corp. v. Philip Morris, Inc., 192 USPQ 174 (TTAB 1976), *aff'd*, 555 F.2d 815, 194 USPQ 81 (CCPA 1977).....9, 13

Max Factor & Co. v. Clairol, Inc., 163 USPQ 240 (TTAB 1969).....9, 13

Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 123 S.Ct. 1115, 155 L.Ed.2d 1, 12 (2003).....7, 17

Qualitex Co. v. Jacobson Products Co., 514 U.S. 159, 131 L.Ed.2d 248, 115 S.Ct. 1300 (1995).....17

Robinson v. Shell Oil Co., 519 U.S. 337, 117 S.Ct. 843, 136 L.Ed.2d 808 (1997).....18

U.S. v. Ron Pair Enters., Inc., 489 U.S. 235, 109 S.Ct. 1026, 103 L.Ed.2d 290 (1989).....18

Viacom, Inc. v. Ingram Enterprises, Inc., 141 F.3d 886 (8th Cir. 1998).....10

TABLE OF AUTHORITIES – Continued

Page

STATUTES CITED:

15 U.S.C. § 1051 8

15 U.S.C. § 1052 8

15 U.S.C. § 1052(f) 23

15 U.S.C. § 1053 8

15 U.S.C. § 1057 8

15 U.S.C. § 1063 ..... 5, 7, 9, 10, 12

15 U.S.C. § 1064 ..... 5, 7, 9, 10

15 U.S.C. § 1114 16

15 U.S.C. § 1125(a)(1)(A) 16

15 U.S.C. § 1125(c) ..... *passim*

15 U.S.C. § 1127 ..... 7, 8, 12

Pub. L. No. 106-43, 113 Stat. 218 ..... 5, 10, 13, 14, 15

OTHER AUTHORITIES:

House Congressional Report (H.R. Rep. No. 250, 100th Cong., 1st Sess. (1999)) 15

OPINIONS BELOW

The Trademark Trial and Appeal Board ("TTAB") and the Federal Circuit Court of Appeals ("Federal Circuit") correctly decided that Enterprise's opposition based on the Federal Trademark Dilution Act ("FTDA"), Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c), was barred by *res judicata*. Opinions from prior litigation between these same parties rendered by the United States District Court for the Western District of Texas ("Western District") and by the United States Court of Appeals for the Fifth Circuit ("Fifth Circuit") precluded Enterprise's opposition. *See, Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co.*, A 98CA 372, slip. op. at 1 (W.D. Tex. Oct. 25, 1999), and *Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co.*, 238 F.3d 378, 57 USPQ.2d 1561 (5th Cir. 2001). The opinion of the Western District is attached in the *Respondent's Appendix* at pp. 6 to 23. The opinion of the Fifth Circuit is attached in the *Respondent's Appendix* at pp. 24 to 31. Indeed, Enterprise made essentially the same arguments concerning the FTDA to the Western District that it now presents to this Court, and failed to re-urge them on appeal to the Fifth Circuit. This raises a serious question of whether it was entitled to re-raise them to the TTAB or the Federal Circuit, and whether it is entitled to present them to this Court.

STATEMENT OF THE CASE

Respondent disagrees strongly with Petitioner's presentation of the so-called "undisputed background facts." *Petition for Writ of Certiorari* at pp. 2-5. Petitioner's rendition is often unsupported by the record, mischaracterizes facts, and, in part, is flatly inaccurate.

Enterprise had its full day in court on the issue of dilution under the FTDA in 1999 during which Enterprise was afforded every opportunity to prove that its mark was "famous." Enterprise could not prove that its slogan "We'll Pick You Up" had the requisite recognition to be accorded the same protection under dilution theories as marks such as KODAK, EXXON, STEINWAY or BUICK. Petitioner's misstatement of the facts is representative of its continuing attempt to relitigate that which it has already lost. This Petition illustrates the mischief that Enterprise's theories would wreak, if accepted.

At least as early as 1990, Advantage began using the slogan "We'll Even Pick You Up" to identify and distinguish its rental car services from the services of others. The slogan has been promoted through use in a television advertisement that aired primarily on the San Antonio Spurs Network and, more recently, on sports programming on the Fox Sports Network. *Respondent's Appendix* at p. 8. Contrary to Petitioner's representation, *see Petition for Writ of Certiorari* at p. 3, Enterprise's own trial exhibit demonstrated that the advertisement had been aired in every year since its first use in 1990 until trial. Enterprise's Trial Exhibit 7, *Respondent's Appendix* at p. 33.

Advantage and Enterprise are direct competitors in the rental car industry. Four years after Advantage began use of its slogan and during the peak of Advantage's use, Enterprise began use of the composite slogan "Pick Enterprise. We'll Pick You Up." *Respondent's Appendix* at pp. 8-9; *see* Enterprise's Trial Exhibit 7, *Respondent's Appendix* at p. 33. Contrary to Enterprise's representation, *see Petition for Writ of Certiorari* at p. 1, Enterprise introduced no trademark search into evidence and no opinion of counsel. Moreover, it is almost inconceivable that managers for

Enterprise working in the broadcast area of the San Antonio Spurs Network (which extends throughout Texas and into surrounding states and which testimony at trial demonstrated was available by satellite throughout the United States) were unaware of the use by Advantage – a direct competitor – of its slogan. For Enterprise, who was the second party to use the slogans at issue, to try to characterize Advantage as the "copyist" is disingenuous, at best.

Enterprise, in its "undisputed background facts," tries to attach a negative inference (as "undisputed") to the meeting of Advantage's management and lawyers in 1997. *Petition for Writ of Certiorari* at p. 3. The Western District, who heard all the witnesses and judged their credibility, attached the most logical inference to that meeting – that it was held by Advantage to determine whether Advantage could take action against the second-comer Enterprise. As noted by the Western District: "In January 1997, Advantage discussed this use by Enterprise at an executive meeting, but Advantage did not take any action at that time." *Respondent's Appendix* at p. 10. Advantage was first in time and first in rights.

At trial, Enterprise had every opportunity to present evidence to show that its slogan was famous, or even sufficiently distinctive under state law, but failed. Enterprise mischaracterizes the Western District's treatment of Enterprise's survey evidence by asserting that the Western District found that Enterprise "missed the mark by 0.4%." *Petition for Writ of Certiorari* at p. 4. To the contrary, the Western District noted that the survey (which was completed in 1999) was a highly aided survey that prompted the respondents with Enterprise's name and the slogan at issue. As a result, the Western District observed that the

survey provided no indication of the real level of recognition that the slogan would have enjoyed without such prompting. *Respondent's Appendix* at p. 19. At that time, Enterprise had spent over 100 million dollars on its advertising, but the advertising has always emphasized Enterprise and not the slogan. The effect of this emphasis is reflected by the fact that despite the aided nature of Enterprise's survey, recognition of the slogan with Enterprise did not even make the 50% threshold viewed by some as a bare minimum for asserting fame.

Enterprise's assertions of having spent another 150 million dollars are unsupported by any evidence that has been subjected to cross-examination or scrutiny as to the effect of such efforts. In short, the slogan was not famous in 1999 and there has been no cogent evidence or finding that it is famous today.

Significantly, in May 1999, prior to trial, Enterprise stipulated that the respective uses of the respective slogans was not likely to cause confusion anywhere in the United States – thereby disposing of Advantage's and Enterprise's trademark infringement and unfair competition claims against each other throughout the United States. *See* the Partial Consent Judgment at *Respondent's Appendix* 1 to 4. This stipulation left only Enterprise's dilution counts in the litigation.

Advantage thereafter filed a motion for summary judgment on the dilution claims under the FTDA. In responding to Advantage's motion for summary judgment on the FTDA, Enterprise presented the identical arguments to the district court concerning the construction of the word "begins" in the FTDA and possible territorial application of the FTDA as a reason why all relief under

the FTDA should not be denied. The Western District took this motion under advisement and ultimately denied it as moot in view of the district court's denial of all relief under the FTDA because Enterprise's mark was not sufficiently distinctive or famous.

Enterprise appealed the decision of the Western District to the Fifth Circuit and raised issues attacking the findings and conclusions of the district court relative to the FTDA. Enterprise, however, failed to reiterate its arguments concerning the possible territorial application of the FTDA as a ground for reversal of or limitation of the total denial of all relief under the FTDA.

On August 5, 1999, amendments to Sections 13 and 14 of the Lanham Act, 15 U.S.C. §§ 1063 and 1064, to allow assertion of the FTDA as grounds for opposition and/or cancellation became effective as law. Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218 (hereinafter often referred to as the "Trademark Amendments Act of 1999").

On August 15, 2000, Advantage's trademark application, which had been filed in 1999, was published for opposition. On August 18, 2000, Enterprise concurrently filed its notice of opposition to Advantage's application alleging dilution under the FTDA as its only basis for the opposition. Enterprise concurrently moved to stay the opposition on the grounds that the disposition by the Fifth Circuit of Enterprise's FTDA dilution claim would be **"dispositive"** of the opposition.

In doing so, Enterprise represented to the TTAB that the opposition should be stayed because the issues upon which the opposition was based were duplicative of and identical to the issues that had been tried and were on appeal to the Fifth Circuit. Hence, Enterprise represented

that the decision of the Fifth Circuit would be (and was) dispositive of the dilution issues in the opposition.

On January 22, 2001, the Fifth Circuit affirmed the district court's holding that Enterprise's slogan is not sufficiently famous (even in the relevant niche market) for protection under the FTDA. *Respondent's Appendix* at p. 24-31; *Advantage Rent-A-Car*, 238 F.3d at 381.

After Enterprise lost its case under the FTDA before the Fifth Circuit, it failed to file a *Petition for Writ of Certiorari* thereby rendering all matters in the litigation final. Notwithstanding this result, Enterprise has now tried to resurrect before the TTAB the same arguments regarding construction of the FTDA that it tried on the Western District. It also moved for leave to add state dilution claims to its opposition (with absolutely no supporting authority). The TTAB denied Enterprise's motion for leave to amend to add state law dilution claims as a ground for opposition and granted summary judgment dismissing Enterprise's opposition with prejudice on the grounds of *res judicata*.

On appeal, the Federal Circuit affirmed the decision of the TTAB finding Enterprise's argument to be contrary to the clear intent of the FTDA that any prior use defeats a claim of dilution as a ground for opposition.

In short, the copyist Enterprise had its day in court and lost. Notwithstanding its loss, Enterprise has improperly sought a second bite of the apple and has lost again. This litigation should be concluded.

REASONS FOR DENYING THE WRIT

The decision of the Federal Circuit Court of Appeals is consistent with the expressly stated intent of the Lanham Act "to protect registered marks . . . from interference by State, or territorial legislation," 15 U.S.C. § 1127. It is also consistent with the plain language of the Lanham Act and the FTDA which allows opposition *and cancellation* proceedings based on dilution only "under Section 43(c)," 15 U.S.C. §§ 1063 and 1064; and which provides dilution protection under the FTDA only if the mark at issue is famous before a defendant "begins" use, 15 U.S.C. § 1125(c). Moreover, the decision comports with fundamental public policy. The Federal Circuit's decision does not eliminate state anti-dilution laws or statutes, or otherwise affect such state laws, except as is necessary to harmonize the state laws with the expressed intent of the Lanham Act. Finally, the decision properly rejects construing the FTDA by analogy to the common law territorial treatment of trademarks under cases such as *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 36 S.Ct. 357, 60 L.Ed. 713 (1916), as is urged by Enterprise because "[u]nlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers." *Moseley v. V. Secret Catalogue, Inc.*, 537 U.S. 418, 429, 123 S.Ct. 1115, 1122, 155 L.Ed.2d 1, 12 (2003).

The case was correctly decided below. This is a private trademark dispute between competitors that contains no issues of substantial public significance. Accordingly, the Petition should be denied.

I. The Intent And Purpose Of The Lanham Act Is, In Part, To Provide A Registration And Notice System For Trademark Owners That Secures Rights Free From Interference By State Or Territorial Legislation; Enterprise's Position Is Totally Contrary To That Intent And Purpose.

Section 45 of the Lanham Act, 15 U.S.C. § 1127, states, in pertinent part, as follows:

> "The intent of this Act is . . . to protect registered marks used in . . . commerce from interference by State, or territorial legislation . . ."

Consistent with this intent, the Lanham Act provides a registration system whereby a small, regional business may adopt a mark and apply for a federal registration in order to secure for itself the right to expand use of the mark nationwide if the registration issues. *See* Lanham Act §§ 1-3 and 7, 15 U.S.C. §§ 1051, 1052, 1053, and 1057.

This system serves two important public purposes. First, it secures for the trademark owner its investment in its mark by enabling the owner to expand nationwide, subject only to rights that pre-existed the filing of the application for registration. *See* 15 U.S.C. § 1052(d) (which provides that a mark alleged to be conflicting on the grounds of likelihood of confusion must have been "previously used in the United States by another and not abandoned"). This provides a degree of certainty that fosters and supports investment and free enterprise. Second, it provides a means for the trademark owner to provide notice of its claim of rights throughout the United States.

Recognizing that mistakes could be made in the registration process, the Lanham Act provides that an

application can be opposed before registration, 15 U.S.C. § 1063, and a registration can be cancelled after issuance, under appropriate circumstances. 15 U.S.C. § 1064. The available grounds for opposing a registration or seeking to cancel a registration are generally identical. *See* Lanham Act §§ 13 and 14, 15 U.S.C. §§ 1063 and 1064. Prior to passage of the FTDA, consistent with the intent that the federal registrations not be interfered with by state laws, these grounds never included state dilution statutes. *See Max Factor & Co. v. Clairol, Inc.*, 163 USPQ 240, 243 (TTAB 1969); *Geo. A. Dickel Co. v. General Mills, Inc.*, 317 F.2d 954, 956, 137 USPQ 891, 892 (CCPA 1963); *K2 Corp. v. Philip Morris, Inc.*, 192 USPQ 174, 177 (TTAB 1976), *aff'd*, 555 F.2d 815, 194 USPQ 81 (CCPA 1977).

The provisions of the FTDA, as construed by the Federal Circuit, are totally consistent with the intent of the Lanham Act and the registration system provided under the Lanham Act. The FTDA provides that the owner of an allegedly famous mark is entitled to relief against an allegedly diluting use by another only if the use by the other "begins after the mark has become famous." 15 U.S.C. § 1125(c). The construction of this language by the Federal Circuit to find that "begins" means any use, provides certainty to the small business that if it adopts and uses a mark before another person's mark becomes famous, it can continue to invest in that mark and expand use of the mark throughout the United States without fear that after-acquired fame can cause liability under the FTDA. The statute reads "begins." It does not read "expands," "changes," "alters," etc.

The FTDA also provides that ownership of a valid registration is a complete bar to an action against the registrant under the common law or statute of a state that

seeks to prevent dilution. *See* Lanham Act § 43(c)(3), 15 U.S.C. § 1125(c)(3). This provision is critical to the implementation of the intent of the Lanham Act to protect registered marks used in commerce from interference by state legislation. Contrary to the suggestion by Enterprise in its Petition, *Petition for Writ of Certiorari* at p. 8, the statute expressly preempts the state law of dilution from interference with the use of federally registered marks. The district court cases cited by Enterprise, *Petition for Writ of Certiorari* at p. 8, did not consider Section 43(c)(3) or its effect. It is clear that Section 43(c)(3) preempts the state law of dilution from interfering with the rights of a federal registrant. *Viacom, Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886, 890-891 (8th Cir. 1998).

On this framework in which the state law of dilution had never been a basis for opposition or cancellation of registrations and in which the state law of dilution is expressly preempted from interfering with the use of a federally registered mark, Congress enacted the Trademark Amendments Act of 1999 to provide that dilution "under Section 43(c)" was a basis for both opposition, Lanham Act § 13, 15 U.S.C. § 1063, and for cancellation, Lanham Act § 14, 15 U.S.C. § 1064. The fact that the identical language was used for both oppositions in Section 13 and cancellations in Section 14 unequivocally establishes that Congress did not implicitly intend to make state dilution a basis for opposing or attacking registrations. It would turn the Lanham Act on its head to make every **federal** registration subject to cancellation based on differing laws of dilution of the various states, especially

when the existence of the registration bars any action under state dilution law.

Contrary to the arguments of Enterprise, this statutory scheme does *not* "effectively abolish all state law remedies relating to trademark dilution." *Petition for Writ of Certiorari* at p. i. Rather, it only preempts them in the narrow situation in which a party is able to get a federal registration because its mark is not likely to cause confusion with another's mark and its use was begun before the other's mark became famous. That narrow exception is consistent with, and necessary to, the intent of the Lanham Act. It leaves the state laws of dilution available for all other situations that might arise.

Accordingly, the Lanham Act and the FTDA, as construed by the Federal Circuit in the decision below, provides a statutory framework that fully implements and enforces the expressly stated intent of the Lanham Act. A small business can adopt a mark that is not likely to cause confusion with the mark of another, and does not dilute another's mark that is famous **at the time of adoption and first use**, and register that mark. Thereafter, the small business can expand use of the mark throughout the United States with the certainty that its investment in its mark and the corresponding goodwill will not be jeopardized or interfered with by a state statute or by a large company who happens to have the resources to develop fame *after* the small business has begun its investment. The case was correctly decided by the Federal Circuit, and is consistent with the intent of the Lanham Act and fundamental public policy.

II. Enterprise's Argument That Dilution Under State Law Was Added As A Basis For Opposition And Cancellation Is Not Supported By The Congressional Record Or By *Logic*.

The expressly stated intent of the Lanham Act is "to protect registered marks used in such commerce from interference by State, or territorial legislation . . ." 15 U.S.C. § 1127. Consistent with this expressly stated intent, the FTDA provides that ownership of a valid registration is a complete bar to an action against the registrant under state common or statutory dilution laws. *See* 15 U.S.C. § 1125(c)(3). Enterprise's proposition that the TTAB should entertain state anti-dilution claims in opposition and cancellation proceedings therefore runs directly counter to the stated intent of the Lanham Act and the express provisions of the FTDA itself. If Enterprise's position were adopted, the *federal* registration of any mark could be opposed or cancelled based upon any *state* dilution law. This would offer up every federal registration that is less than five years old to being held hostage to opposition or cancellation (contrary to the plain meaning of Section 43(c)(3) of the FTDA) under any of the various state dilution statutes or laws – no matter how much the state law differed from the FTDA. Such a position is clearly unfounded.

Enterprise claims that the Lanham Act does not limit the type or nature of the damage that can provide the basis for opposition, apparently ignoring the expressly stated intent of the Lanham Act. Enterprise also deftly ignores the fact that the only dilution basis for opposition provided in the statute specifically states "dilution under Section 43(c)" as the basis for opposition. 15 U.S.C. § 1063. As noted by the Federal Circuit, there is nothing in the

legislative history of the Trademark Amendments Act of 1999 to suggest that the intent of the amendment was to add any other basis besides *federal* dilution under the FTDA as a ground for opposition or cancellation. More importantly, the legislative history is void of any suggestion that Congress intended to allow interference with *federal* registrations by the laws of the fifty *states* contrary to the expressly stated intent of the Lanham Act.

Prior to the Trademark Amendments Act of 1999, the Lanham Act did not specifically address whether dilution under the FTDA could serve as the basis for an opposition or cancellation proceeding.[1] In *Babson Brothers Co. v. Surge Power Corp.*, 39 USPQ.2d 1953 (TTAB 1996), the TTAB reviewed the Lanham Act and found that it did not authorize a trademark owner to oppose or petition to cancel the registration of a mark on the basis of dilution under the FTDA. The Board also found nothing in the legislative history of the Lanham Act that suggested that dilution under the FTDA was intended to provide a basis for opposition or cancellation. This ruling led to the situation in which owners of famous marks could not oppose a published application that diluted their mark, but rather had to wait until the mark was registered and then bring a dilution action in federal court.

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[1] Prior to the FTDA, it was clear that state dilution law could not provide the basis for opposition or cancellation of a registration. *Max Factor & Co. v. Clairol, Inc.*, 163 USPQ 240, 243 (TTAB 1969); *Geo. A. Dickel Co. v. General Mills, Inc.*, 317 F.2d 954, 956, 137 USPQ 891, 892 (CCPA 1963); *K2 Corp. v. Philip Morris, Inc.*, 192 USPQ 174, 177 (TTAB 1976), *aff'd*, 555 F.2d 815, 194 USPQ 81 (CCPA 1977).

Section 2 of the Trademark Amendments Act of 1999 was enacted to alter this scenario by specifically allowing an opposition or cancellation based on Section 43(c) of the Lanham Act, the FTDA, in the following language:

> "(a) Registrable Marks. – Section 2 of the Act entitled 'An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes' (in this Act referred to as the "Trademark Act of 1946") (15 U.S.C. 1052) is amended by adding at the end the following flush sentences: "A mark which when used would cause dilution under section 43(c) may be refused registration only pursuant to a proceeding brought under section 13. A registration for a mark which when used would cause dilution under section 43(c) may be canceled pursuant to a proceeding brought under either section 14 or section 24."

Trademark Amendments Act §2 (1999).

Enterprise alleges, however, that its position is justified by the *absence* of an indication in the legislative history of the Trademark Amendments Act of 1999 of an intent to preclude state law claims. *Petition for Writ of Certiorari* at p. 9. But, given the expressly stated intent of the Lanham Act to protect registered marks from interference by state legislation, Congress would have no reason to consider or comment on state laws at all because the expressed intent is that the state laws should have no effect whatsoever. For Enterprise's argument to have any merit, Congress would have had to expressly state that the legislation was intended to be contrary to the previously stated intent of the statute. This did not happen. Rather, the legislative history makes numerous references to the

FTDA and the intent to allow dilution under "Lanham Act 43(c)" – under federal law – to be asserted as a basis for opposition and cancellation proceedings.

In the section entitled "Background and Need for the Legislation" of the House Congressional Report (H.R. Rep. No. 250, 100th Cong., 1st Sess. (1999)), the motivation behind adopting the Trademark Amendments Act of 1999 is explained as follows:

> "Section two provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as provided in the Dilution Act. In 1996, the 'Federal Trademark Dilution Act of 1995' became effective. Pub. L. No. 104 98, 109 Stat. 985 (1996), Lanham Act 43(c), 15 U.S.C. 1125(c)."

The legislative history clearly demonstrates that Section 2 of the Trademark Amendments Act was meant only to clarify the Federal Trademark Dilution Act of 1995, Section 43(c) of the Lanham Act, by expressly making it a basis for cancellation and opposition proceedings. There is no indication anywhere in the legislative history that the Trademark Amendments Act of 1999 was intended to expand the jurisdiction of the TTAB beyond federal issues. There is simply no reasonable basis for Enterprise's position.

In short, the Federal Circuit correctly decided that state dilution law does not provide a basis for opposition or cancellation of a federal registration.

III. Enterprise's Attempts To Analogize The FTDA To Trademark Common Law Are Misguided And Would Wreak Havoc On Trademark Jurisprudence If Followed.

Enterprise attacks the Federal Circuit's construction of the word "begins" in the FTDA by attempting to draw an analogy to the common law of trademarks. Enterprise argues that traditional common law trademark rights are territorial and that rights under the FTDA should similarly be territorial. Under Enterprise's theory, once Enterprise's mark becomes "famous," the acquisition of such fame should freeze even senior users of similar marks from any expansion into new territories.

To begin, Enterprise's reliance on the common law of trademarks for analogy is totally misplaced. The FTDA is a statutory creature which should be interpreted consistent with its plain language and common sense. As explained by this Court:

> "Traditional trademark infringement law is a part of the broader law of unfair competition, see *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413, 60 L.Ed. 713, 36 S.Ct. 357, 1916 Dec. Comm'r Pat. 265 (1916), that has its sources in English common law, and was largely codified in the Trademark Act of 1946 (Lanham Act). See B. Pattishall, D. Hilliard, & J. Welch, Trademarks and Unfair Competition 2 (4th ed. 2000) ("The United States took the [trademark and unfair competition] law of England as its own"). That law broadly prohibits uses of trademarks, trade names, and trade dress that are likely to cause confusion about the source of a product or service. See 15 U.S.C. §§ 1114, 1125(a)(1)(A). Infringement law protects consumers from being

> misled by the use of infringing marks and also protects producers from unfair practices by an 'imitating competitor.' *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163-164, 131 L.Ed.2d 248, 115 S.Ct. 1300 (1995).
>
> . . .
>
> Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers."

Moseley, 537 U.S. at 428-429, 123 S.Ct. at 1122.

The plain language of the statute provides that the owner of the allegedly famous mark is entitled to relief only if the use by the other "**begins** after the mark has become famous." The statute does not say "begins or alters" or "begins or expands" or "begins or changes." It just says "begins."

The interpretation by the Federal Circuit of this plain language to mean that any use prior to acquisition of fame is sufficient to preclude relief is an interpretation that is consistent with public policy and common sense. This interpretation means that when a small, regional business adopts and uses a mark, its ability to continue and expand its use will be subject only to rights that truly existed prior to such adoption and use.

To construe the FTDA as urged by Enterprise would turn the FTDA into the "Big Company Act." Any company with the resources to sufficiently advertise and promote a designation so as to create an argument that the mark is famous could thereafter go after smaller regional competitors and limit the smaller competitors' ability to grow their

use, regardless of who was the first to use the marks at issue and regardless of when the big company's mark allegedly became famous. All that would matter under Enterprise's theory is that the small company is trying to expand into a new territory after the big company's mark allegedly became famous.

As evidenced by the present Petition, Enterprise's theory would also provide no end to litigation. Under Enterprise's theory, if Enterprise is unable to prove fame in 2003, it would not be precluded from either bringing suit or bringing an opposition or cancellation proceeding in 2004, or 2005, or 2006, or 2007, etc. So long as the smaller competitor, Advantage, was trying to expand into new territory, such expansion would be a new "beginning" (under Enterprise's theory) that would entitle Enterprise to bring a new suit against Advantage. Common sense mandates that the FTDA cannot be construed as urged by Enterprise.

The construction of 15 U.S.C. § 1125(c) by the Federal Circuit is consistent with the plain meaning of the statute and is the only possible construction that is consistent with logic and reason. This should end all inquiry. *See Robinson v. Shell Oil Co.*, 519 U.S. 337, 340, 117 S.Ct. 843, 846, 136 L.Ed.2d 808, 813 (1997) ("Our inquiry must cease if the statutory language is unambiguous and the 'statutory scheme is coherent and consistent.'") (quoting *U.S. v. Ron Pair Enters., Inc.*, 489 U.S. 235, 240, 109 S.Ct. 1026, 103 L.Ed.2d 290 (1989)). The Federal Circuit correctly construed the FTDA and the Petition should be denied.

IV. The Present Action Is Illustrative Of The Potential For Endless, Successive Litigation That Enterprise's Theories Would Engender; The Federal Circuit Properly Rejected Such Theories

After a full trial on the merits and a full appeal, Enterprise was denied all relief under the FTDA. In affirming the Western District, the Fifth Circuit stated:

> "To prevail on its federal dilution claim, Enterprise must prove that its slogan is 'famous and distinctive;' that Advantage **adopted** its mark after Enterprise's had become 'famous and distinctive;' and that Advantage caused dilution of Enterprise's mark."

Advantage Rent-A-Car, 238 F.3d at 380 (emphasis added); *Respondent's Appendix* at p. 27.

As discussed above, this construction of the FTDA is consistent with the language and the corresponding plain meaning of the statute. Enterprise was unable to prove that its slogan was sufficiently famous, even within the car rental market, to invoke the FTDA.

Consistent with the rulings of the Western District and the Fifth Circuit, the TTAB dismissed Enterprise's opposition on the grounds of *res judicata*. Yet Enterprise continues to relitigate the fame of its mark long after Advantage began use of its mark and after the law of the case had been established against Enterprise.

As part of its effort to relitigate its claims, Enterprise resurrects and presents as an alleged issue of first impression the argument that Advantage's allegedly geographically limited use of a trademark without a trademark registration can only be a defense to a claim under the FTDA for a

correspondingly geographically limited area. Enterprise's argument is essentially that each use in a new geographic area is a new "beginning" subject to a new right for a plaintiff to assert a new action under the FTDA. But Enterprise previously submitted the identical argument to the Western District in the prior proceedings in Defendant's Opposition to Plaintiff's Motion for Partial Summary Judgment on Defendant's Federal Dilution Counterclaim. In particular, Enterprise argued for its construction of the word "begins" the following:

> "Rights under the Lanham Act are territorial for non-registered marks; Advantage's argument that the FTDA should be construed to preclude enforcement due to Advantage's prior, limited use is contrary to the trademark policy under the Lanham Act and is contrary to trademark precedent . . .
>
> Advantage badly misconstrues the plain language of the FTDA in arguing that so long as its use of "We'll Even Pick You Up" began somewhere prior to Enterprise's mark becoming famous, Advantage should be allowed to later expand its use at will. Advantage Memo at 9-10. First, the statute does not say what Advantage contends. Second, this interpretation is inconsistent with the territorial restrictions on non-federally registered trademarks when confronted by a subsequently obtained federally registered trademark. Advantage cites no cases to support its position . . . Enterprise seeks an injunction against Advantage's use in commerce of 'We'll Even Pick You Up' for all area or states where its use began after Enterprise's federally registered slogans became famous. That is exactly what the statute states."

Opposition to Motion for Summary Judgment at p. 18.

In the prior proceedings, the Western District withheld ruling on Advantage's motion for summary judgment pending trial. After a full trial on the merits, the district court found that Enterprise's mark was not famous under the FTDA and denied all relief without limitation as to territory. The clear implication of the Western District's ruling is that the Western District accepted that "begins" in 15 U.S.C. §1125(c) means just that – begins anywhere – and rejected Enterprise's arguments regarding limited geographic usage. Enterprise did not appeal this implicit ruling by the Western District or otherwise seek clarification of the Western District's denial of all relief.

On appeal, the Fifth Circuit affirmed the district court's holding that "We'll Pick You Up" is not sufficiently famous for the FTDA, but remanded for a determination of fame only under Texas and Louisiana law. In doing so, the Fifth Circuit reiterated that "begins" means just that, by explaining that Enterprise must prove "that Advantage **adopted** its mark after Enterprise's had become 'famous and distinctive.'" *Advantage Rent-A-Car*, 238 F.3d at 380 (emphasis added). Enterprise did not file a Petition for Writ of Certiorari from the Fifth Circuit's decision. Hence, all issues relating to the FTDA became final. The matter was raised and foreclosed. Enterprise should now be barred by *res judicata* from again presenting their arguments regarding the meaning of "begins."

As the TTAB noted in dismissing Enterprise's opposition on the grounds of *res judicata*, "[i]n opposing the motion for summary judgment, opposer takes issue with the conclusions of the district court and the Fifth Circuit. If opposer disagreed with the outcome in the district court and the Fifth Circuit, the Board is not the appropriate forum to obtain relief. Opposer may not collaterally attack

the judicial proceedings in this forum." *Petitioner's Appendix* at p. 38. Enterprise's assertion that the dilution claims in the current case are based on a different set of transactional facts than its claims in the prior litigation is nothing more than an improper attempt to relitigate what it has already lost. This case is a classic example of the mischief that Enterprise's legal theories would yield.

V. Enterprise's Criticism Of The Federal Circuit's Reference To The Concurrent Use Provisions Of The Lanham Act Demonstrates Enterprise's Misunderstanding Of Trademark Law And The Lanham Act.

Enterprise criticizes the Federal Circuit's reference to the concurrent use provisions of the Lanham Act, stating that "[n]either party raised that issue. . . . " *Petition for Writ of Certiorari* at p. 19. Apparently, Enterprise is unaware that the concurrent use provisions are the Lanham Act codification of the common law doctrines set forth in *Hanover Star Milling*, 240 U.S. 403 (1916) and its progeny. Hence, Enterprise, itself, implicitly raised the concurrent use provisions by trying to draw an analogy to *Hanover* and the "nearly a century" of common law. The Federal Circuit therefore properly looked to concurrent use proceedings as a basis to clarify Enterprise's arguments:

> "While Enterprise's argument is less than clear, apparently Enterprise contends that it should be treated like a junior user that has obtained registration, entitling it to priority of use throughout the United States, except where Advantage was the prior user. It is, therefore, supposedly entitled to defeat a nationwide registration of the mark by Advantage. It is clear that Congress rejected this approach.

> There is no provision in the Lanham Act to allow for concurrent use registration in the dilution context."

Petitioner's Appendix at p. 21.

The Federal Circuit then properly noted that the concurrent use provisions did not contemplate concurrent use registrations in the dilution context. *Petitioner's Appendix* at p. 21. Instead, the section of the Lanham Act that addresses concurrent use registrations was amended consistent with the construction of the Lanham Act given by the Federal Circuit. *Petitioner's Appendix* at pp. 21-22. 15 U.S.C. § 1052(f) (2000). The Federal Circuit properly addressed and rejected Enterprise's arguments.

CONCLUSION

The decision below is in accord with the intent of the Lanham Act, with the plain language of the FTDA and the Lanham Act, and with public policy. There is no issue of significant public moment for this Court to address. The Petition should be denied.

Respectfully submitted,

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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

ADVANTAGE RENT-A-CAR, INC., Plaintiff, v. ENTERPRISE RENT-A-CAR COMPANY, Defendant.	CASE NO. A98CA 372 SS

PARTIAL CONSENT JUDGMENT

(Filed May 24, 1999)

The parties hereto having agreed to the entry of the following findings of fact and conclusions of law finally disposing of the three counts asserted by Advantage Rent-A-Car, Inc. ("Advantage") and the first four and seventh counterclaims asserted by Enterprise, Rent-A-Car Company ("Enterprise"), it is hereby ORDERED, ADJUDGED and DECREED that:

1. The use by Enterprise of "PICK ENTERPRISE. WE'LL PICK YOU UP."; PICK THE COMPANY THAT PICKS YOU UP; and WE'LL PICK YOU UP in connection with the advertising to date and/or promotion to date of the rental and leasing of vehicles and of the arranging for the rental and leasing of vehicles is not likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Enterprise with Advantage or as to the origin, sponsorship or approval of Enterprise's goods, services or

commercial activities by Advantage; and does not constitute use in commerce of a false designation of origin or false or misleading representation of fact.

2. The use by Advantage of WE'LL EVEN PICK YOU UP in connection with the advertising to date and/or promotion to date of the rental and leasing of vehicles and of the arranging for the rental and leasing of vehicles is not likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of Advantage with Enterprise or as to the origin, sponsorship or approval of Advantage's goods, services or commercial activities by Enterprise; does not constitute use in commerce of a false designation of origin or false or misleading representation of fact; and does not constitute use in commerce of a reproduction, counterfeit, copy of colorable imitation of any of Enterprise's registered slogans in connection with the sale, offering for sale, distribution, or advertising of the rental and leasing of vehicles or of the arranging for rental and leasing of vehicles which is likely to cause confusion, or to cause mistake, or to deceive.

3. Factors taken into account in reaching the conclusion of paragraphs 1 and 2 include: the advertisements of each of the parties prominently feature the house mark of the respective party and do not use other marks or indicia of the other party or that refers to the other party. It is also noted that both of the parties feature a person being picked up in order to emphasize the respective double entendre of the respective slogans of the parties, but this additional common feature does not create a likelihood of confusion in the advertising to date.

4. Subject only to the possibility of a violation of the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c), if properly applicable, or the possibility of a violation of state dilution law, if properly applicable, the use by Advantage of WE'LL EVEN PICK YOU UP in connection with the advertising and/or promotion of the rental and leasing of vehicles and of the arranging for the rental and leasing of vehicles in its advertising to date does not violate any rights of Enterprise in its slogans, if any, under the Lanham Act or under the law of any state or territory of the United States that is based on likelihood of confusion.

5. The use by Enterprise of WE'LL PICK YOU UP; "PICK ENTERPRISE. WE'LL PICK YOU UP."; and PICK THE COMPANY THAT PICKS YOU UP in connection with the advertising and/or promotion of the rental and leasing of vehicles and of arranging for the rental and leasing of vehicles in its advertising to date does not violate any rights of Advantage in its slogan, if any, under the Lanham Act or under the law of any state or territory of the United States that is based on likelihood of confusion.

6. This ruling is based upon the use to date by the parties of their respective advertisements and does not foreclose actions based on future use of the slogans in combination with or alteration of features, wherein such combination or alteration of features creates a likelihood of confusion.

7. Advantage's "Complaint for Unfair Competition And Trademark Cancellation" is hereby dismissed with prejudice.

8. Enterprise's First, Second, Third, Fourth and Seventh Counterclaims are hereby dismissed with prejudice.

9. Jurisdiction and venue in this District are proper for Enterprise's Fifth and Sixth Counterclaims relating to dilution, and these counterclaims remain in the case for further consideration and are not dismissed by this Partial Consent Judgment.

10. Each of the parties pursued its claims based on likelihood of confusion in good faith. The pursuit of these claims by either party does not render this an exceptional case under 15 U.S.C. § 1117. Each party shall therefore bear its own attorney fees.

SIGNED and ENTERED this 24th day of May, 1999.

/s/ Sam Sparks
UNITED STATES
DISTRICT JUDGE

AGREED:

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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

ADVANTAGE RENT-A-CAR, INC.	§	
	§	
vs.	§	NO. A 98 CA 372 SS
	§	
ENTERPRISE RENT-A-CAR COMPANY	§	
	§	

FINDINGS OF FACT and CONCLUSIONS OF LAW

(Filed Oct. 25, 1999)

BE IT REMEMBERED that on the 21st day of July 1999 the Court called the above-styled cause for trial, and the parties appeared by designated representative and by representation of counsel. All parties announced ready for trial, and trial proceeded before the Court. Enterprise Rent-A-Car Company ("Enterprise") claims that Advantage Rent-A Car, Inc. ("Advantage") is diluting Enterprise's trademark in violation of the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c), as well as the anti-dilution statutes of Texas, Arkansas, New Mexico, and Louisiana. Enterprise seeks injunctive relief as well as compensatory damages and attorneys fees. Having considered all of the evidence presented at trial, the oral arguments and written briefs of counsel, and the applicable law, the Court concludes Enterprise is not entitled to relief because the slogan at issue is not sufficiently famous or distinctive to receive protection under the Federal Trademark Dilution Act. Accordingly, the Court enters the following findings and order.

Findings of Fact

Advantage is a Texas corporation with its principal place of business in San Antonio, Texas. Advantage currently has business operations in Texas, New Mexico, Arizona, California, Nevada, Washington, Utah, Colorado, and Oklahoma. *See* Defendant's Exhibit 131. Enterprise is a Missouri corporation with its principal place of business in St. Louis, Missouri. Enterprise has business operations in all fifty states. Both companies serve the rental car markets. This market is divided into two segments – one that caters primarily to business and leisure travelers and one that provides replacement cars to drivers whose cars are in the shop for repair. Historically, Advantage focused primarily on the business and leisure traveler market, and Enterprise focused on the replacement market. Currently, both companies are active in both segments of the rental car market.

Most companies in the replacement market provide some type of pick-up service to their customers and use various slogans or phrases to connote this service. Since 1965, Advantage has used over thirty different phrases to inform consumers about its pick-up service, including "We'd Love To Pick You Up," "They Pick You Up At The Garage," and "We'll Pick You Up From The Garage or Car Dealer And Drop You Off At The Nearest Advantage Location."

In 1990, Advantage produced a television commercial which depicted an actor holding onto a steering wheel.[1] A

[1] Throughout the trial, this commercial was referred to as "Steering Wheel."

voice-over discussed the various reasons the actor might need to obtain a rental car, such as an accident or for a special occasion. At the end of the commercial, a much taller actor entered the frame and lifted the "driving" actor off the ground and into his arms, while the voice-over stated "We'll even pick you up." *See* Plaintiff's Exhibits 148 (text of commercial), 205 (videotape). This commercial aired on the Spurs Network at least 24 times in 1992, and at least 12 times in 1993, at least 17 times in 1994, and at least 49 times by the end of the professional basketball season in May 1995. From August 1997 to April 1998, the commercial aired 289 times on Fox Sports Southwest. This commercial is the only form of advertising in which Advantage used the phrase "We'll Even Pick You Up." Although Advantage has received several federal registrations for various slogans, Advantage did not file an application to register the phrase "We'll Even Pick You Up" until May 3, 1999. *See* Plaintiff's Exhibit 174.

Advantage has produced a total of four television commercials. The other three commercials include a car or other feature that would indicate the relative age of the commercial. Because the Steering Wheel commercial does not depict a specific make or model of vehicle, it is arguably Advantage's only "timeless" commercial. Advantage estimates it has spent over one million dollars on advertising that includes the slogan "We'll Even Pick You Up."

Meanwhile, Enterprise developed the phrases "Pick The Company That Picks You Up" and "Pick Enterprise, We'll Pick You Up" which it began using in advertising on

June 22, 1994.[2] *See* Plaintiff's Exhibit 17, at 2. Enterprise began using "We'll Pick You Up" on August 17, 1995. *See* Plaintiff's Exhibit 16, at 2. Enterprise obtained federal service mark registrations for each of these slogans.[3] *See* Plaintiff's Exhibits 16 & 17. Enterprise has been operating nationally since the mid-1980s and has continuously advertised nationwide since June 1994. Enterprise estimates it has spent over $130 million on advertising that includes the slogan, "We'll Pick You Up." *See* Plaintiff's Exhibits, 1, 168. Enterprise has used this slogan in all of the media forms in which Enterprise advertises including print ads, yellow pages, radio ads, and commercials shown on prime time national television on major broadcast networks and cable stations as well as during high-profile sporting events such as the Final Four tournament. *See* Plaintiff's Exhibits 5, 6, 168. According to Steven Smith, the director of advertising, the bulk of Enterprise's advertising dollars are spent on television ads because it is the most powerful medium and 40% of the budget is spent on yellow pages advertising. Approximately 75% of Enterprise's advertising includes the phrase "We'll Pick You Up." The phrase is not used on billboards or on many of the items with logos, such as caps and t-shirts. *See* Defendant's Exhibit 143.

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[2] Enterprises' director of advertising testified that Enterprise first used the phrase "We'll Pick You Up" in 1989 in a commercial titled "Keys," *see* Plaintiff's Exhibit 201a, and again in 1993 in a commercial titled "Special Delivery Service," *see* Plaintiff's Exhibit 201b, but that the phrase was not used as the company slogan until September 1994. *See* Plaintiff's Exhibit 203b.

[3] U.S. Registration Nos. 1,953,083; 1,948,828, and 2,085,472 respectively.

In early 1995, Advantage became aware of Enterprise's yellow page advertisement using the slogan "Pick Enterprise. We'll Pick You Up." Advantage became aware of Enterprise's television advertising using the slogan "We'll Pick You Up" in late 1996 or early 1997. In January 1997, Advantage discussed this use by Enterprise at an executive meeting, but Advantage did not take any action at that time.

In late 1997, Enterprise became aware of Advantage's use of the slogan "We'll Even Pick You Up" and sent a cease and desist letter to Advantage on March 30, 1998.[4] After exchanging letters with Enterprise, Advantage filed a complaint on June 16, 1998 seeking money damages and equitable relief against Enterprise for false designation of origin under 15 U.S.C. § 1125(a), common law unfair competition, and cancellation of the trademark registration. *See* Complaint [#1], at 1. In its answer, Enterprise asserted four affirmative defenses and seven counterclaims. *See* Corrected First Amended Answer, Affirmative Defenses, and Counterclaims [#32]. On May 24, 1999, the undersigned entered a Partial Consent Judgment [#51] which disposed of Advantage's three counts for relief and five of Enterprise's counterclaims. The parties stipulated that the concurrent use of the disputed slogans was not likely to cause confusion, mistake, or deception as to the origin of the goods and services, in part because each party prominently displayed its housemark in connection with the slogans. On May 26, 1999, Enterprise was granted

[4] Since at least April 1998, Enterprise has regularly attempted to prohibit use of the phrase "We'll Pick You Up" by other rental car companies. *See* Plaintiff's Exhibits 34-39, 41-45.

leave to amend its answer and assert counterclaims under the anti-dilution statues of New Mexico, Arkansas, and Louisiana.

At trial, Enterprise presented a report prepared by Dr. Daniel J. Howard, a professor of marketing at Southern Methodist University. Dr. Howard has a Ph.D. in marketing from Ohio State University. *See* Plaintiff's Exhibit 48. Dr. Howard has conducted more than two hundred previous surveys and has conducted nine other surveys for litigation in which he was certified as an expert. Using five interviewers during January and February 1999, Dr. Howard conducted a telephonic survey of 1210 respondents across four markets. *See* Plaintiff's Exhibit 50, at 1. The Austin/San Marcos metropolitan statistical area was selected because it was exposed to Advantage commercials containing variations of the "We'll Pick You Up" phrase and Advantage rented cars in the area. The Tulsa, Oklahoma and New Orleans, Louisiana metropolitan statistical areas were selected because both received broadcasts of Advantage's commercials, but Advantage did not rent cars in the area. The Phoenix/Mesa metropolitan statistical area was selected because Advantage commercials containing a variation of the "We'll Pick You Up" phrase were not broadcast in the area, but Advantage did offer rental services. *See* Plaintiff's Exhibit 50, at 6. Respondents were randomly selected from these areas who were between 25 and 54 years of age with at least some college education. *See* Plaintiff's Exhibit 50, at 7. These parameters were provided by Enterprise as their consumer base, and Dr. Howard found them to be supported by the MRI Doublebase, which is a highly regarded research corporation whose data would be relied upon by experts in the field. *See* Plaintiff's Exhibit 74. The

names of potential respondents were provided by American Business Lists, a company that Dr. Howard had found to be reliable in the past.

When asked "Which of the following car rental companies have you heard of," 96.9% of the respondents were aware of Enterprise and only 75.8% of the respondents were aware of Advantage. *See* Plaintiff's Exhibit 50, at 14-15. When asked "Do you remember ever hearing or seeing the phrase 'We'll pick you up' used in connection with car rental advertising," 65.5% responded affirmatively. These respondents were then asked which car rental company or companies, if any, they associated with the phrase "We'll pick you up," and 49.6% of the total sample indicated Enterprise, while only 8% of the total sample indicated Advantage. *See* Plaintiff's Exhibit 50, at 16-17.

Conclusions of Law

Trademarks have traditionally been offered less protection than other types of intellectual property. While copyrights and patents have been recognized as the property of their creators, trademarks have traditionally been protected from infringing use only to the extent necessary to protect consumers from deception. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 109 S. Ct. 971, 981 (1989) ("[The law of unfair competition]'s general concern is with protecting consumers from confusion as to source. While that concern may result in the creation of 'quasi-property rights' in communicative symbols, the focus is on the protection of consumers, not the protection of producers as an incentive to product innovation."); *see also* Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58

U.PITT.L.REV. 789 (1997) (arguing that the traditional focus on consumer confusion has enabled trademarks to promote market efficiency and consumer welfare and criticizing dilution protection as creating trademark rights in gross with anticompetitive results).

For nearly fifty years, various states have enacted antidilution statutes, which break away from the consumer protection model of trademark rights. *See id.* at n.18 (listing statutes). In 1996, Congress enacted a federal antidilution statute. *See* Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified at 15 U.S.C. §§ 1125(c), 1127); *see also* J. Thomas McCarthy, *The 1996 Federal Anti-Dilution Statute*, 16 CARDOZO ARTS & ENTERPRISE. L.J. 587, 587 (1998) (describing the statute as "radical and fundamental break with prior federal trademark law"). Dilution occurs when a second party lessens the capacity of a famous mark to identify and distinguish goods or services, regardless of whether the second party competes with the owner of the famous mark or the likelihood of confusion, mistake, or deception. *See* 15 U.S.C. § 1127; 141 Cong. Rec. S19306, S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch) giving as examples of actionable dilution the use of "DuPont shoes, Buick aspirin, and Kodak pianos"). The underlying rationale for a dilution cause of action is the idea that a "gradual attenuation or whittling away of the value of a trademark, resulting from use by another, constitutes an invasion of the senior user's property right in its mark and gives rise to an independent commercial tort." 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION ("MCCARTHY ON TRADEMARKS"), § 24:70 (4th ed. 1999).

The mental association that must be made by consumers before dilution can occur is somewhat subtle and

evasive. Consumers must make some mental connection between the marks used by the plaintiff and the defendant. "The connection, however, is not that which serves as the basis of liability for trademark infringement – the mistaken belief that the plaintiff is in some way associated with defendant's goods – but rather is the accurate recognition that a mark associated with the plaintiff is now also in use as an identifying symbol by another." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25, comment f (1995). Thus, the appropriate mental association to support a dilution claim must be somewhat less than the type of strong mental connection that would give rise to a likelihood of confusion, but somewhat more than no connection at all. *See Fruit of Loom Inc. v. Girouard*, 994 F.2d 1359 (9th Cir. 1993) (citing MCCARTHY ON TRADEMARKS § 24:70).

To succeed on its claim under the Federal Trademark Dilution Act, Enterprise must prove (1) its mark was "famous," (2) Advantage adopted its mark after Enterprise's mark has become famous, and (3) Advantage's mark diluted Enterprise's mark by blurring the distinctiveness of the mark or by tarnishing or disparaging it. *See* 15 U.S.C. § 1125(c). The statute contains a laundry list of non-exclusive factors the Court may use to determine whether a mark is "distinctive and famous," including

> (A) the degree of inherent or acquired distinctiveness of the mark;
>
> (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
>
> (C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

If successful, Enterprise may be given injunctive relief "subject to principles of equity and upon such terms as the court deems reasonable." *See* 15 U.S.C. § 1125(c)(1). If the owner of the famous mark proves the dilutor acted willfully with the intent to "trade on the owner's reputation or to cause dilution of the famous mark," the owner may also recover the dilutor's profits, any damages suffered by the owner, and costs of the suit and in exceptional cases, reasonable attorney fees. *See* 15 U.S.C. § 1125(c)(2), 1117(a); *see also Rolex Watch USA, Inc. v. Meece*, 158 F.3d 816, 824 (5th Cir. 1998) ("[T]he exceptional case is one in which the defendant's trademark infringement can be characterized as malicious, fraudulent, deliberate, or willful, and . . . it has been interpreted by courts to require a showing of a high degree of culpability."), *cert. denied*, 119 S. Ct. 1808 (1999). The Court can also order all offending materials be destroyed. *See* 15 U.S.C. § 1118.

This is not a well-developed or clear area of the law. *See* Robert N. Klieger, *Trademark Dilution: The Whittling*

Away of the Rational Basis for Trademark Protection, 58 U. PITT. L. REV. 789 (1997) ("Dilution is an amorphous concept, and no antidilution statute addresses exactly what dilution is or how it can be proven."). The definition of dilution and fame remain nebulous concepts and the meaning of § 1125(c), as well as its individual elements, have been debated among the circuits. *See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449, 451 (4th Cir.) (lamenting the "dauntingly elusive concept" of federal trademark dilution), *cert. denied*, 1999 WL 412763 (1999). The First Circuit has reasoned that dilution protection is more readily available for noncompeting products and should not be a fallback for competing products that fail to prove infringement. *See I.P. Lund Trading Co. v. Kohler Co.*, 163 F.3d 27, 48 (1st Cir. 1998). The Fifth Circuit has emphasized that dilution protection is only available for "strong, well-recognized marks." *Exxon Corp. v. Oxxford Clothes, Inc.*, 109 F.3d 1070, 1081 n.14 (5th Cir.) (citing *Accuride Int'l Inc. v. Accuride Corp.*, 871 F.2d 1531 (9th Cir. 1989), which found the tradename "Accuride" not sufficiently distinctive to merit protection under California's antidilution statute), *cert. denied*, 116 F.3d 1479 (1997); *see also Sykes Laboratory, Inc. v. Kalvin*, 610 F.Supp. 849, 858 (C.D.Cal.1985) ("The dilution doctrine is only available to protect distinctive marks as exemplified by such famous names as 'Tiffany,' 'Polaroid,' 'Rolls Royce,' and 'Kodak' "). The degree of similarity between the marks must be greater than that which is required to show a likelihood of confusion, otherwise a dilution cause of action would subsume the concept of infringement. *See Jet, Inc. v. Sewage Aeration Sys.*, 165 F.3d 419, 424 (6th Cir. 1999) (citing MCCARTHY ON TRADEMARKS as explaining that state

dilution statutes generally require the marks to be "virtually identical").

Although the federal dilution act and the New Mexico anti-dilution statute explicitly require a mark to be "famous," the other state anti-dilution acts do not. However, the Court has determined that fame is an element of each of Enterprise's causes of action. *See* MCCARTHY ON TRADEMARKS § 24:108 ("Without such a requirement, an anti-dilution statute becomes a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon."); *Exxon Corp.*, 109 F.3d at 1081 n.14 ("[I]t is clear that anti-dilution statutes . . . are designed to protect only strong, well-recognized marks.").

Whether a mark is "famous" is a fact intensive issue that must be decided on a case by case basis. Different commentators have offered various tests for determining fame. According to the Restatement, only marks that retain their strength and distinction when considered outside the context of the goods or services with which the mark is typically used are famous enough to receive protection under a dilution theory. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25, comment e (1995) ("A mark that evokes an association with a specific source only when used in connection with the particular goods or services that it identifies is ordinarily not sufficiently distinctive to be protected against dilution."), J. Thomas McCarthy, a leading authority on trademark law, has opined that a mark is not "famous" unless it is known to more than fifty percent of the defendant's potential customers. MCCARTHY ON TRADEMARKS § 24:92 (borrowing from trademark law the concept that a designation can not be a trademark unless at least a majority of the customer group so perceives it).

Examples of marks that courts have found to be sufficiently famous to receive protection under the Federal Trademark Dilution Act include "Budweiser" beer, "Candyland" children's game, "Don't Leave Home Without Us," "The Greatest Show On Earth," "Panavision" movie and television cameras, "Porsche" automobiles, "Toys 'R Us" toy stores, "Nike" and "Just Do It," and the "Hard Rock Cafe" logo. *See Anheuser-Bush, Inc. v. Andy's Sportswear, Inc.*, 40 U.S.P.Q.2d 1542 (N.D. Cal 1996) (granting a TRO against the use of "Buttweiser" on t-shirts); *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996) (finding dilution by tarnishment by a web site showing sexually explicit pictures); *American Express Co. v. CFK, Inc.*, 947 F. Supp. 310 (E.D. Mich. 1996) (declining to grant summary judgment against "Don't Leave Home Without Me Pocket Address Book"); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204 (S.D.N.Y. 1996) (finding no dilution by "The Greatest Bar on Earth" on other grounds); *Panavision Int'l L.P. v. Toeppen*, 945 F. Supp. 1296 (C.D. Cal. 1996) (finding dilution by cybersquatter's use as a domain name), *aff'd*, 141 F.3d 1316 (9th Cir. 1998); *Porsche Cars North America Inc. v. Manny's Porshop, Inc.*, 972 F. Supp. 1128 (N.D. Ill. 1997) (finding infringement and dilution by independent repairer's "Porshop"); *Toys "R" Us, Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836 (N.D. Cal. 1996) (finding dilution by tarnishment by use of "adultsrus.com" for web site offering adult sexual products); *Nike, Inc. v. "Just Did It" Enters.*, 799 F. Supp. 894, 899 (N.D. Ill. 1992) (describing these marks as famous); *Hard Rock Cafe Licensing Corp. v. Pacific Graphics, Inc.*, 776 F. Supp. 1454, 1461 (W.D. Wash. 1991) (granting an injunction), *rev'd on other grounds*, 6 F.3d 1225 (7th Cir. 1993).

The Court is unpersuaded that the phrase "We'll Pick You Up" has the type or amount of fame ascribed to these types of marks. *See I.P. Lund Trading ApS Kroin, Inc. v. Kohler*, 163 F.3d 27, 46 (1st Cir. 1998) (meeting the fame standard requires an "elite" or "very unique" mark). The phrase at issue here connotes a common feature of rental car services – providing some type of pick-up service, either at the customer's home or business or from the repair shop. Dr. Howard's survey revealed that only 49.6% of the respondents – less than half – associated this extremely generic phrase with Enterprise, and these were people who had already indicated their familiarity with Enterprise and with the phrase. Dr. Howard's survey does not indicate how many people would recognize the phrase "We'll Pick You Up" if they were not already prompted with the information that the phrase should be associated with rental car companies. The Court is persuaded by the district court's reasoning in *American Dairy Queen Corp. v. RTO, Inc.*, 16 U.S.P.Q.2d 1077 (N.D. Ill. 1990). In that case, the court declined to enter an injunction in favor of Dairy Queen's slogan "We Treat You Right." The court explained, "We see no advance to the public interest in permitting an enterprise to monopolize one form of announcing 'Hey, we are good.'" Similarly, this Court declines to allow Enterprise to monopolize, especially in light of the absence of confusion and the fact that the parties are direct competitors, one way of conveying their pickup service.

The Court is also persuaded by the following authorities. In *Sports Authority, Inc. v. Abercrombie & Fitch, Inc.*, 965 F. Supp. 925 (E.D. Mich 1997), the court found that Abercrombie's use of phrase "Original Outdoor Authority" did not dilute the plaintiff's trade name "Sports Authority" for a sporting goods retail store. The court determined

that the term "Authority" was not sufficiently famous to deserve protection under the federal dilution. In *Columbia University v. Columbia/HCA Healthcare Corp*, 964 F. Supp. 733 (S.D.N.Y. 1997), the court found the mark "Columbia" to be too weak in the healthcare industry to be diluted, even though the mark was relatively strong in the educational field both for Columbia University and its medical school. *See also Genovese Drug Stores, Inc. v. TGC Stores, Inc.*, 939 F. Supp. 340, 350 (D.N.J. 1996) (determining that a grocery store's mark "We'll Take Good Care of You" lacked the requisite fame to be diluted by a competitor's "Takegood Care" stores).

The Court has also considered the Ninth Circuit's recent decision, *Avery Dennison Corp. v. Sumpton*, 1999 WL 637085 (9th Cir. 1999). In that case, Avery Dennison Corporation had been selling office products under the registered trademarks "Avery" and "Dennison" for over sixty years. The company spent more than $5 million per year advertising its products and made approximately $3 billion in sales annually. The company sued an internet e-mail provider who had registered the domain names "avery.net" and "dennison.net." Finding the defendant's domain names to dilute the plaintiff's registered trademarks, the district court entered an injunction ordering the defendant to transfer the domain name registrations to the plaintiff. The Ninth Circuit reversed, finding that the plaintiff's marks were not sufficiently famous to merit protection under the federal dilution statute. The Court explained that a dilution cause of action treads close to granting "rights in gross" in a trademark and creates a danger of over-protecting trademarks at the expense of potential non-infringing uses. The Court emphasized that the famousness prong of the dilution analysis reinstated

the balance by assuring that only a limited class of trademarks was eligible for dilution protection. *See id.* at *4, *5. While analyzing the statutory factors, the Court discussed three market research studies the plaintiff had presented to show evidence of extensive advertising and sales, international operations, and consumer awareness. The pool of participants in one survey was created by using the plaintiff's client lists and the other two surveys were administered mostly to users and purchasers of office products. The Court found these market reports did not provide any evidence of whether consumers in general had any brand association with "Avery" and "Avery Dennison" or whether the product awareness related specifically to the Dennison trademark.

In its attempt to show the requisite fame, Enterprise has repeatedly emphasized both the size of its advertising budget and the notoriety of the programs during which Enterprise has run its commercials. However, the mere fact that Enterprise has spent a significant amount of money in advertising does not necessarily lead to the conclusion that the mark is famous. *See Carter-Wallace, Inc. v. Procter & Gamble Co.*, 434 F.2d 794 (9th Cir. 1970) (stating that a "large expenditure of money does not in itself create legally protectable rights"); *Aloe Creme Labs., Inc. v. Milsan Inc.*, 423 F.2d 845, 850 (5th Cir.) (emphasizing that the question is the effectiveness of the promotional efforts in shaping the impression of the consuming public, not merely the extent of the promotional efforts), *cert. denied*, 398 U.S. 928 (1970).

Enterprise has failed to present any evidence that the phrase "We'll Pick You Up" is sufficiently famous to receive protection under the anti-dilution statutes. Dr. Howard's findings are simply insufficient. The Court has

deliberate choice made by Congress.[6] It is not the province of this court or of the Board to read a new provision into the FTDA to the effect that the Board may grant concurrent use registrations to avoid trademark dilution.

Our conclusion that any prior use, even in a limited geographic area, defeats a claim of dilution in a civil action under section 1125(c) leads to the conclusion that it defeats an opposition to registration based on dilution under section 1063. Section 1063 explicitly incorporates the definition of dilution from section 1125(c), allowing for the filing of an opposition by "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c)." 15 U.S.C. § 1063(a) (2000) (emphasis added). This is confirmed by the legislative history, which states that the law "provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as provided in the [FTDA]." H.R. Rep. No. 106-250, at 4 (1999). Because there can be no dilution under the FTDA where the allegedly famous mark did not achieve fame prior to any use by the accused infringer, there can be no opposition based on dilution under such circumstances.

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[6] Even if Congress had extended the Lanham Act provisions on concurrent use to the FTDA, it would not lead to the result Enterprise seeks - prevention of Advantage's federal registration. Rather, the proceeding would be converted to a concurrent use proceeding, in which Advantage would be eligible to receive federal concurrent use registration. See, e.g., Faces, Inc. v. Face's, Inc., 222 USPQ 918, 919 (TTAB 1983).

Because Advantage used the mark in the San Antonio, Texas, area in 1990, before Enterprise's mark allegedly became famous,[7] the Board correctly rejected Enterprise's opposition and registered the Advantage mark.

IV

Enterprise's final contention is that the Board improperly refused to allow it to amend its opposition to include claims of dilution under state dilution statutes. Some of these statutes appear to apply without regard to the fame of the mark, and so Enterprise would not be barred by res judicata from pressing these claims before the Board. The Board refused the motion to amend, holding that the Trademark Amendments Act did not add dilution under state statutes as a ground for opposition. Enterprise, 62 USPQ2d at 1858-59. We agree with the Board.

The new statute provides for oppositions based on "dilution under section 1125(c)," not based on dilution under state law. And as discussed above, the legislative history indicates that Congress enacted this provision in response to the Board's decision in Babson, which dealt with the question of whether opposition could be based on dilution under the FTDA. See H.R. Rep. No. 106-250, at 5; Babson, 39 USPQ2d at 1953. The House Judiciary Committee explicitly stated, "[s]ection two provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause

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[7] In fact, the district court found that Enterprise did not even use its mark as the company slogan until 1994, four years after Advantage's prior use began in 1990. Advantage, No. A 98CA 372, slip op. at 3 & n.2.

dilution as provided in the 'Federal Trademark Dilution Act of 1995.'" H.R. Rep. No. 106-250, at 4 (emphasis added). There is nothing in the language or in the legislative history of the Trademark Amendments Act of 1999 to suggest that Congress added to the statute any grounds for opposition other than dilution under the FTDA, much less dilution under state statutes.[8] And rejecting such an opposition is consistent with one of the

---

[8] Enterprise argues that by overruling Babson, Congress intended to overrule the longstanding Board rule mentioned in Babson that violations of state dilution statutes do not constitute aground for opposition or cancellation. This argument is unsupported.

Babson presented the question of first impression of whether dilution under the FTDA constituted a ground of opposition, and merely noted by way of a passing footnote the well-established Board rule regarding state dilution causes of action. Babson, 39 USPQ2d at 1954 n.4 (citing Devries v. NCC Corp., 227 USPQ 705, 706 n.3 (TTAB 1985); and K2 Corp. v. Philip Morris Inc., 192 USPQ 174 (TTAB 1976), aff'd, Philip Morris Inc. v. K2 Corp., 555 F.2d 815, 194 USPQ 81 (CCPA 1977)). There is no suggestion in the legislative history of the Trademark Amendments Act of 1999 that Congress was concerned with the state law aspect of Babson. Babson was uniformly described in the legislative history as a case that rejected dilution under the FTDA as a ground for opposition. See, e.g., H.R. Rep. No. 106-250, at 5 (quoting Babson, 39 USPQ2d at 1954) (stating that Babson "illuminated the need for further legislation," because "the Board held, 'Based on the provisions of the Federal Dilution Act . . . we hold that the framers of the law did not intend to provide a new statutory ground for opposition and cancellation.'"); 145 Cong. Rec. S7,452-56 (daily ed. June 22, 1999) (statement of Sen. Hatch) ("In Babson Bros. Co. v. Surge Power Corp, 39 USPQ2d 1953 (TTAB 1996), the TTAB held that it was not authorized by the Federal Trademark Dilution Act to consider dilution as grounds for opposition or cancellation of a registration. Thus, under current law a trademark owner may seek relief under the federal dilution statute only after dilution of the mark has occurred.").

stated purposes of the Lanham Act, "to protect registered marks used in such commerce from interference by State, or territorial legislation." 15 U.S.C. § 1127 (2000); see also H.R. Rep. No. 104-374, at 7.

To be sure, the statute allows oppositions to be filed by "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c)." 15 U.S.C. § 1063(a) (2000). Enterprise argues that this provision allows for the filing of an opposition based on alleged damage as defined by state causes of action. We held in Young v. AGB Corp., 152 F.3d 1377, 47 USPQ2d 1752 (Fed. Cir. 1998), however, that this language merely states the requirement for standing. Id. at 1379-80, 47 USPQ2d at 1754. Once standing is established, in order to state a claim, an opposer must base its ground of opposition on a statutory claim found in the Lanham Act. Id. at 1380, 47 USPQ2d at 1754. But the Lanham Act does not create a ground for opposition based on state dilution law.

Enterprise in this case sought to amend its opposition to add claims under state law; the Board did not abuse its discretion in refusing those amendments.

CONCLUSION

For the foregoing reasons, the judgment of the Board is

AFFIRMED

COSTS

No costs.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

NOTICE OF ENTRY OF
JUDGMENT ACCOMPANIED BY OPINION

OPINION FILED AND JUDGMENT ENTERED:
05/30/03

The attached opinion announcing the judgment of the court in your case was filed and judgment was entered on the date indicated above. The mandate will issue in due course.

Information is also provided about petitions for rehearing and suggestions for rehearing en banc. The questions and answers are those frequently asked and answered by the Clerk's Office.

No costs were taxed in this appeal.

Regarding exhibits and visual aids: Your attention is directed to FRAP 34(g) which states that the clerk my destroy or dispose of the exhibits if counsel does not reclaim them within a reasonable time after the clerk gives notice to remove them. (The clerk deems a reasonable time to be 15 days from the date the final mandate is issued.)

JAN HORBALY
Clerk

cc: RUDOLPH A. TELSCHER, JR.
WILLIAM D. RAMAN

ENTERPR RENT-A-CAR V ADV RENT-A-CAR, 02-1444
PTO-120,101

United States Court of Appeals for the Federal Circuit

02-1444
(Opposition no. 120,101)

ENTERPRISE RENT-A-CAR COMPANY,
Appellant,

v.

ADVANTAGE RENT-A-CAR, INC.,
Appellee.

JUDGMENT

Appealed from:
United States Patent and Trademark Office
Trademark Trial and Appeal Board

in CASE NO(S).

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

AFFIRMED

DATED MAY 30 2003

ENTERED BY
ORDER OF THE COURT
/s/ Jan Horbaly
Jan Horbaly

THIS OPINION IS CITABLE AS PRECEDENT OF THE T.T.A.B.

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Mermelstein

Mailed: March 26, 2001

[Entered: March 26, 2001]

Opposition No. 120,101

Enterprise Rent-A-Car Company
v.
Advantage Rent-A-Car Inc.

Before Bucher, Rogers, and Drost, administrative trademark judges.

By the Board.

On March 26, 2001, applicant filed a "motion to dismiss for failure to state a claim." Because applicant's motion relied upon matters outside of the pleadings,[1] the Board notified the parties by order dated April 2, 2001, that the motion would be treated as one for summary judgment.[2] *See* Fed. R. Civ. P. 12(b). With its brief in opposition to applicant's motion for judgment, opposer filed a motion to amend its notice of opposition to add claims for relief under state dilution statutes. Applicant filed a reply in support of its motion for summary judgment (which we have considered) and an opposition to opposer's motion to amend. Finally, on July 2, 2001, opposer filed a motion to file a surreply to the motion for summary judgment, along with its proffered surreply.

MOTION FOR LEAVE TO FILE SURREPLY

Trademark Rule 2.127(e)(1) states that "The Board may, in its discretion consider a reply brief. * * * *No further papers in support of or in opposition to a motion for summary judgment will be considered by the Board.*" (emphasis added.) *See also, No Fear Inc. v. Rule*, 54 USPQ2d 1551, 1553 (TTAB 2000) (reply briefs are disfavored; no further papers may be considered under Board's rules).

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1 Specifically, applicant relies on the opinion and judgment on appeal in a civil action between the parties herein, *Advantage Rent-A-Car Inc. v. Enterprise Rent-A-Car Co.*, 238 F.3d 378, 57 USPQ2d 1561, 1562-63 (5th Cir. 2001).

2 To avoid confusion, applicant's motion is referred to herein as a motion for summary judgment.

The quoted language of Rule 2.127(e)(1) leaves the Board with no discretion in this matter. Even if it did, however, we would not exercise it to consider the surreply in this case. There must be an end to every argument and a party's desire to have the last word is not a sufficient ground to ignore the Board's rules for briefing. Opposer's motion is DENIED, and its surreply has not been considered.

MOTION FOR LEAVE TO AMEND PLEADING

Opposer now seeks leave to amend its notice of opposition to add claims for dilution based on state law.[3] Under Fed. R. Civ. P. 15(a), once a responsive pleading is filed, a party may amend a pleading only by leave of the court, "and leave shall be freely given when justice so requires."

Consistent with the exhortation in Fed. R. Civ. P. 15(a), the Board is liberal in granting leave to amend, provided the amendment would not violate settled law or be prejudicial to the rights of the adverse party. *E.g., Polaris Industries Inc. v. DC Comics*, 59 USPQ2d 1798, 1799 (TTAB 2000); TBMP § 507.01 (and cases cited therein). However, the Board will deny a motion for leave to amend if the proffered pleading is itself legally insufficient, or would serve no useful purpose. *Polaris*, 59 USPQ2d at 1798.

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[3] Specifically, opposer wishes to plead grounds for opposition arising under the anti-dilution statutes of Alabama, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New York, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Washington, West Virginia, and Wyoming. Motion, May 14, 2001, p. 2.

Prejudice to applicant is not an issue in this case. Trial has not yet begun, and the Board could easily ameliorate any difficulty resulting from amendment by extending the discovery period. *See, e.g., Buffett v. Chi-Chi's, Inc.*, 226 USPQ 428, 431 (TTAB 1985). Nonetheless, we deny opposer's motion, because the Board has no jurisdiction to decide issues arising under state dilution laws.

A review of the history of dilution claims before the TTAB is instructive. Prior to 1995, many states recognized claims for trademark dilution. It had long been held, however, that claims for dilution were not a cognizable ground for opposition or cancellation before the Board. *E.g., Max Factor & Co. v. Clairol Inc.*, 163 USPQ 240, 243 (TTAB 1969); *Geo. A. Dickel Co. v. General Mills, Inc.*, 317 F.2d 954, 137 USPQ 891, 892 (CCPA 1963); *K2 Corp. v. Philip Morris Inc.*, 192 USPQ 174, 177 (TTAB 1976), *aff'd*,555 F.2d 815, 194 USPQ 81 (CCPA 1977).

In 1995, in order to provide a federal cause of action for trademark dilution, Congress passed the Federal Trademark Dilution Act of 1995 (FTDA). Pub. L. No. 104-98, 109 Stat. 985. The FTDA amended Trademark Act § 43 to provide a remedy for dilution.[4] In *Babson Bros. Co. v. Surge Power Corp.*, 39 USPQ2d 1953 (TTAB 1996), the Board held that while the FTDA provided "a federal cause of action in courts," it did not explicitly or implicitly provide a new ground for opposition or cancellation before the Board. *Babson*, 39 USPQ2d at 1954-55.

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[4] The FTDA also amended Trademark Act § 45 by inserting a definition of "dilution."

Finally, pursuant to the Trademark Amendments Act of 1999 ("TAA"), Pub. L. No. 106-43, 113 Stat. 218, Congress amended the Trademark Act to provide that dilution is a ground for opposition or cancellation proceedings before the Board. In doing so, the legislative history specifically referred to the Board's decision in *Babson, see, e.g.,* Cong. Rec. June 22, 1999, S7453-54 (1999) (statement of Sen. Hatch). To the extent relevant here, the TAA amended Trademark Act § 13 as follows[5] (wording added by TAA underlined):

> (a) Any person who believes that he would be damaged by the registration of a mark upon the principal register, *including as a result of dilution under section 43(c),* may . . . file an opposition in the Patent and Trademark Office, stating the grounds therefor. . . .

Opposer essentially contends that the term "including" in the TAA has dramatically expanded the Board's jurisdiction in opposition or cancellation proceedings to consider as grounds for Board proceedings any claim asserting a theory by which a "person . . . believes that he would be damaged," including those arising under state dilution statutes. Neither the language of the statute, nor its legislative history supports such a result.

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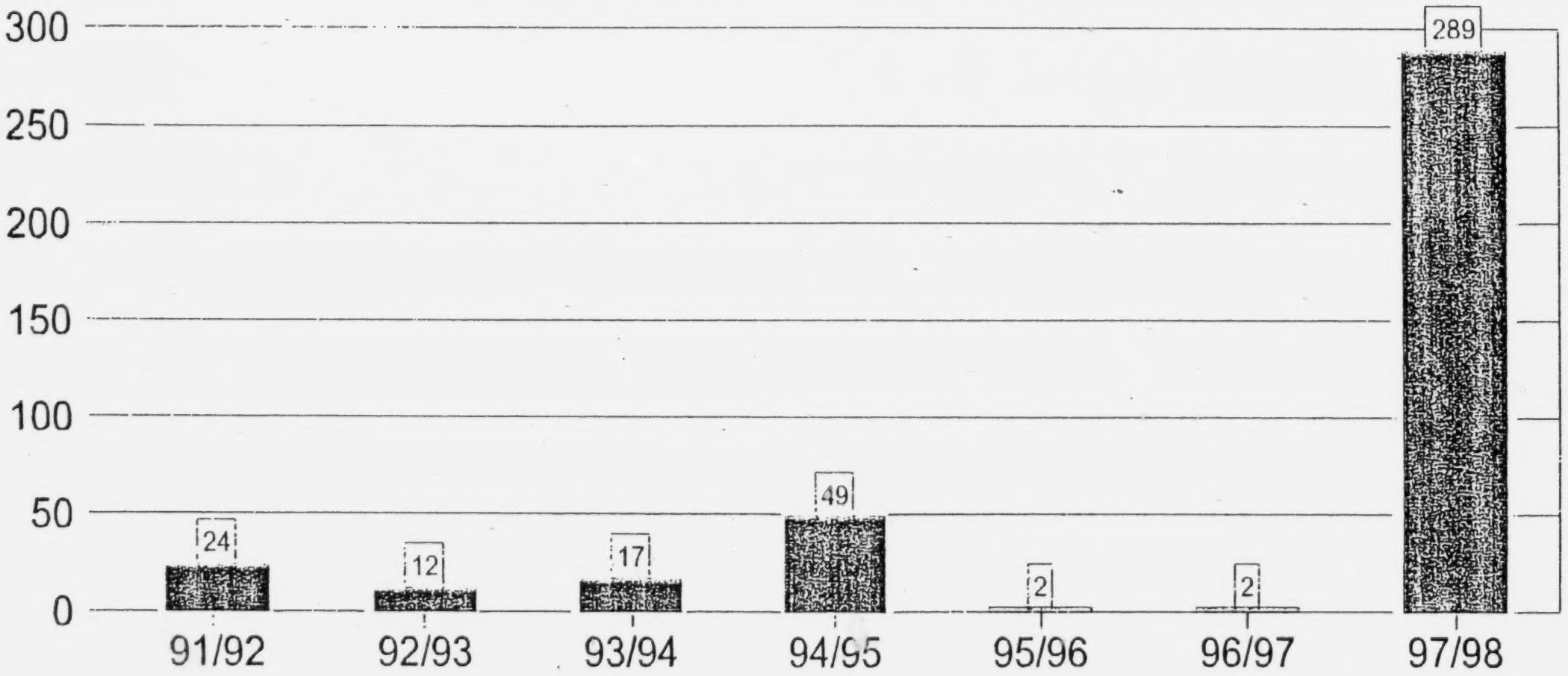
[5] Trademark Act § 14, governing cancellation proceedings, was similarly amended by the TAA.

Advantage Rent-A-Car



EXHIBIT

FILED
NOV 2 1 2003
OFFICE OF THE CLERK

(3)

No. 03-536

In The Supreme Court of the United States

ENTERPRISE RENT-A-CAR COMPANY,

Petitioner,

v.

ADVANTAGE RENT-A-CAR, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

REPLY TO BRIEF IN OPPOSITION

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14 pp

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES iii

SUMMARY OF THE ISSUES 1

REPLY 1

1. Advantage Misquotes the Federal Circuit's Interpretation of the FTDA with Respect to the Meaning of "Use" 1

2. Although Not Directly Pertinent to Whether Certiorari is Appropriate, Advantage Did Not Continually Use the Phrase It Is Claiming As A Trademark, Which Exemplifies the Harm Caused by the Resolution of the Issues Below 3

3. Advantage Improperly Advocates That Mere "Adoption" of a Trademark—Rather than Commercial Use-- is the Standard Under the FTDA 4

4. Advantage Incorrectly Argues That Res Judicata Applies, But the Federal Circuit Rejected That Argument Below 5

5. The Concurrent Use Provisions Are Inapposite to the Issues Before the Court 6

6. The Intent of the Lanham Act is to Protect Famous Trademarks and Trademark Registrations 8

A. Enterprise owns the Famous Mark and a Trademark Registration 8

B. No Trademark Registration for Advantage 8

CONCLUSION 10

TABLE OF AUTHORITIES

Page(s)

Cases:

Enterprise Rent-A-Car Company v. Advantage Rent-A-Car, Inc., 330 F.3d 1333 (Fed. Cir. 2003) 2

Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 36 S.Ct. 357, 60 L.Ed. 713 (1916) 7

Texas Pig Stands, Inc., v. Hard Rock Café Int'l, Inc., 951 F.2d 684 (5th Cir. 1992), *reh'g en banc denied*, 966 F.2d 956 (5th Cir. 1992) 6

Vitaline Corp. v. General Mills, Inc., 891 F.2d 273 (Fed. Cir. 1989) 5

Statutes:

15 U.S.C. §1063 8

15 U.S.C. § 1125(c) 2, 4

15 U.S.C. § 1125(c)(3) 9, 10

15 U.S.C. § 1127 8

Other Authority:

McCarthy, J. Thomas, *McCarthy on Trademarks and Unfair Competition*, Vol. 5, §31:37 (2001) 6

SUMMARY OF THE ISSUES

This case presents two issues of first impression that are very important to the dilution laws in the United States and the orderly administration of trademark rights in this country. The first issue is whether dilution under the FTDA is a valid ground for opposition when a prior user has limited and non-continuous use in a small geographic area. The second issue is whether state anti-dilution laws are valid grounds for opposition to a federal trademark registration, or whether such rights can be lost without any ability to assert them.

Advantage does not deny that this petition raises important issues of first impression, except to argue that the Fifth Circuit implicitly reached the issues in prior litigation, a position raised by Advantage below and rejected by the Federal Circuit. Advantage's opposition mostly reiterates its arguments before the Federal Circuit, but such arguments only underscore the contested nature of the significant issues raised herein that deserve this Court's attention.

REPLY

Petitioner submits this reply to briefly address certain new points offered by Advantage Rent-A-Car, Inc. in its opposition to the Petition for Writ of Certiorari.

1. Advantage Misquotes the Federal Circuit's Interpretation of the FTDA with Respect to the Meaning of "Use"

While Advantage disagrees with Enterprise's interpretation of "use" in the FTDA, its arguments only underscore that a contested issue exists on this important trademark issue. But, Advantage goes so far as to misquote the Federal Circuit's opinion in urging its adoption. The applicable portion of the FTDA states that the owner of a famous mark is entitled "to an injunction against person's

commercial use in commerce of a mark or trade name, if ***such use*** begins after the mark has become famous." 15 U.S.C. § 1125(c) (2000). *Emphasis added.*

In its Brief in Opposition, Advantage argues that "any" use prior to Enterprise's mark achieving fame would defeat an action under the FTDA, but mischaracterizes the Federal Circuit's opinion in this case. In particular, Advantage states "(T)he construction of this language by the Federal Circuit to find that 'begins' means any use, provides certainty to the small business . . ." *Advantage's Brief In Opposition, p. 9.* The Federal Circuit opinion never addresses the definition of "begins."

The actual passage from the Federal Circuit's interpretation of the term "such use" as it appears in the text of the FTDA reads:

> The term "such use" could refer to any use by the defendant in commerce. Alternatively, the reference to "such use" could refer to the particular use being challenged in the litigation. If the use being challenged were limited to a particular geographic area in which there had been no prior use to the defendant, the suit would not be barred.

Enterprise Rent-A-Car Company v. Advantage Rent-A-Car, Inc., 330 F.3d 1333 (Fed.Cir.2003). Indeed, the actual language from the Federal Circuit's opinion underscores that an ambiguity exists regarding the noted language.

Advantage's choice to depart from the true record is most significant because the phrase "such use" is central to the issue. The question remains whether the term "such use" should actually be interpreted so broadly to include "any use." This broad interpretation would allow mere token use, isolated use, or even abandoned use to defeat legitimate trademark rights. This issue and its ramifications on United States trademark law are sufficiently important to

warrant this Court's attention. Enterprise has explained its position regarding how and why the phrase should be interpreted and will not repeat those arguments.

2. Although Not Directly Pertinent to Whether Certiorari is Appropriate, Advantage Did Not Continually Use the Phrase It Is Claiming As A Trademark, Which Exemplifies the Harm Caused by the Resolution of the Issues Below

Advantage insinuates in its Opposition that it has continually used an advertisement with the phrase since 1990. *See Advantage's Brief In Opposition, p. 2.* Further, it misrepresents the nature of one of Enterprise's trial exhibits to this effect. *Id.* The truth of the matter is that when Advantage alleges "use" from 1995 to 1997, it is referring to a total of four (4) free airings of a television commercial about which Advantage had no knowledge that the four free airings even occurred. Thus, the airings were not part of Advantage's efforts to continue using the phrase, as it insinuates.

Advantage's apparent abandonment of its use of the phrase in the commercials highlights a major problem with Advantage's (and the Federal Circuit's) interpretation of the FTDA. If "any use" is allowed to defeat the dilution rights of a famous trademark owner, even uses that have been abandoned, such interpretation will frustrate the legitimate rights of famous trademark owners and undermines a long-standing principle of trademark law to the effect that priority requires continuous use. The interpretation also undermines the geographical limits of unregistered marks that later come into conflict with registered marks more prominently promoted by a junior user.

For all of Advantage's concern for certainty in the trademark arena, there is absolutely no level of certainty available to a bona fide trademark user if even abandoned uses can wipe out dilution rights. There is little, if any, reasonable search or investigation that a trademark user can

undertake to determine whether a potential trademark's valuable dilution remedies have been compromised. And, while certainty is desirable, the law rarely seeks certainty at the level advocated by Advantage because it only leads to inequitable results. If small businesses want certainty that they can expand throughout the United States with their marks, they should timely obtain a federal trademark registration to put the rest of the business community on notice of their rights. The certainty that Advantage seeks is at the expense of such notice to the business community and only leads to a windfall for a small business owner, as could occur in the present case. Advantage advocates inequity, not certainty.

Further, abandonment is not the only horror for trademark owners. In this day and age of piracy and cybersquatting, there are virtually limitless ways to hold an honest company hostage by foreclosing its dilution rights and remedies through token or targeted use on the Internet. Indeed, the decision below allows a cybersquatter to set up an innocuous website with a mark or slogan of an up-and-coming advertising campaign and then exploit the value of the ad campaign without regard to the dilution laws at a subsequent date.

3. Advantage Improperly Advocates That Mere "Adoption" of a Trademark—Rather than Commercial Use-- is the Standard Under the FTDA.

The applicable portion of the FTDA states that the owner of a famous mark is entitled "to an injunction against a person's commercial use in commerce of a mark or trade name, if ***such use*** begins after the mark has become famous." 15 U.S.C. § 1125(c) (2000). *Emphasis added.*

At several points in its Opposition, Advantage avers that it "adopted" its phrase before the Enterprise trademark became famous. See *Advantage's Brief In Opposition, p. 11, 19, and 21.* Advantage even goes so far as to place the term

"adopted" in bold letters for the Court. The statue does not, however, address the issue of adoption of a mark. The statute only discusses "use" of the mark.

Advantage advances this point in an apparent attempt to avoid the real issue of whether the language of the FTDA would allow for a cause of action (or basis of opposition) when Advantage expanded out of Texas to capitalize on Enterprise's prominent advertising campaign. Instead, Advantage would have this Court believe that mere "adoption" of a mark down in Texas is good enough to satisfy the requirements of the FTDA statute that clearly requires actual commercial use.

4. Advantage Incorrectly Argues That Res Judicata Applies, But the Federal Circuit Rejected That Argument Below

The positions claimed in Enterprise's Opposition are not barred under the doctrine of res judicata by the Fifth Circuit litigation, an argument that Advantage raised below but the Federal Circuit rejected. The Fifth Circuit litigation involved different transactional facts. Under res judicata, a party is barred from a subsequent assertion of the same transactional facts in the form of a different cause of action. *Vitaline Corp. v. General Mills, Inc.*, 891 F.2d 273, 275 (Fed.Cir.1989). Advantage argued this position below and the Federal Circuit did not adopt this position, presumably because the only case law of record did not support the position advanced by Advantage. The Federal Circuit ruled on the two issues of first impression, which led to the current Petition.

In the trademark opposition against Advantage, Enterprise is not asserting rights that were at issue in the Fifth Circuit litigation. Rather, Enterprise is asserting that it will be damaged by a nationwide registration for Advantage. The basis for this assertion is the bundle of anti-dilution rights that have not been litigated, namely, the anti-

dilution rights in those areas of the country where Advantage has not commenced use and Enterprise's mark has achieved fame.

Advantage also opines that the issue of "fame" of the Enterprise mark will lead to an avalanche of litigation and Enterprise, therefore, must be precluded by application of res judicata from determining subsequent fame of the mark. However, the treatise of noted trademark expert, J. Thomas McCarthy, disagrees. McCarthy notes that "In trademark cases, res judicata must be carefully applied, since the facts of trademark usage and consumer recognition may have changed since the prior judgment was rendered." McCarthy, J. Thomas, *McCarthy on Trademarks and Unfair Competition*, Vol. 5, §31:37 (2001). See also *Texas Pig Stands, Inc., v. Hard Rock Café Int'l, Inc.*, 951 F.2d 684 (5th Cir. 1992), reh'g, en banc, denied, 966 F.2d 956 (5th Cir. 1992) (trademark that has been determined to be descriptive can achieve acquired distinctiveness and form a basis for enforcement against the same or similar mark or registration). Under McCarthy's proper reasoning, the determination of whether a mark is famous or not could change since a judgment was rendered, and res judicata is not appropriate in such circumstances. This conclusion should be obvious because marks become more and more known, and at some point famous based on continued sales and promotion. Thus, whether a mark is famous in year-one is a different issue than whether it is famous in year-five.

5. The Concurrent Use Provisions Are Inapposite to the Issues Before the Court

Enterprise never requested that the United Stated Patent and Trademark Office issue a concurrent registration. Nor did Enterprise request that action of the Trademark Trial and Appeal Board. As such, the Concurrent Use provisions of the Lanham Act are not at issue here.

Enterprise offered examples such as *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 36 S.Ct. 357, 60 L.Ed. 713 (1916) and its current resonations in the Lanham Act to draw a rather simple analogy that trademark rights -- even in light of federal legislation -- can and should be limited by geographic considerations. That analogy remains valid even today. For years, the courts have interpreted the Lanham Act to avoid windfalls to geographically limited users that have not registered their trademark rights. There is no reason to believe that dilution laws should not be interpreted any differently. While trademark infringement protects consumers, it also protects trademark owners who invest heavily in their marks to develop goodwill. While dilution laws are more directed to protecting the trademark owner, the issue remains whether the FTDA should be interpreted to provide tremendous windfalls to geographically limited users that elect not to invest the small sum of money to federally register a mark, to the substantial detriment of legitimate businesses that spend considerable resources on nationally known marks without any knowledge of the prior user.

Despite attacks from Advantage, the logic in the analogy is strong. Advantage has produced no answer or response to indicate why its trademark rights with respect to infringement under the Lanham Act are very narrow due to its isolated use, but its trademark rights with respect to dilution somehow should be very broad and nationwide based on this same, limited and isolated use.

Finally, the case law from *Hanover* amply reflects the intent of the Lanham Act to encourage parties to federally register their marks by granting superior rights to those who obtain a federal registration and limiting those parties who sit on their rights to geographically limited rights. Equity rewards the vigilant, not those who slumber upon their rights. Advantage slumbered for nine years while Enterprise invested hundreds of millions of dollars. Advantage can

articulate no legitimate reason why it should reap this windfall.

6. The Intent of the Lanham Act is to Protect Famous Trademarks and Trademark Registrations

A. Enterprise owns the Famous Mark and a Trademark Registration

The stated purpose of the amendment of Lanham Act §13, 15 U.S.C. §1063 to include dilution under the FTDA is to "make protection of famous marks easier and more efficient". *Congressional Record,* June 22, 1999, Page S7452-S7457 (Comments of Sen. Hatch). Advantage loses sight of the fact that the provisions of the Lanham Act should be interpreted reasonably broadly in favor of the owner of the famous mark, if the purpose of the Act is to be followed. In the present situation, Enterprise is the owner of the famous mark. As such, in balancing the equities, the Lanham Act should be interpreted to provide protection to Enterprise's famous mark and corresponding trademark registration.

B. No Trademark Registration for Advantage

Enterprise asserted state anti-dilution laws in the Opposition against Advantage's trademark application. At every turn, Advantage repeats and trumpets the stated intent of the relevant chapter of the Lanham Act is to "protect **registered** marks." *Advantage's Brief In Opposition, p. 8,* 15 U.S.C. § 1127. *Emphasis added.* Advantage's corollary argument is that "the FTDA provides that ownership of a valid ***registration*** is a complete bar to an action against the registrant under state common or statutory dilution laws." *Advantage's Brief In Opposition, p. 12* paraphrasing 15 U.S.C. § 1125(c)(3). While Enterprise agrees with Advantage's reading of the statute, Enterprise notes that these provisions are not applicable. Advantage does not have a valid trademark registration.

A valid registration is an explicit condition precedent to the protection afforded under the cited provisions. Advantage has not yet performed that condition precedent. Again, the Lanham Act should encourage early registration for those seeking certainty in nationwide rights. Advantage waited nine-years and therefore provided no guidance to the business community regarding its rights, which, of course, led to the present lengthy and expensive litigation. This entire situation would have been avoided had Advantage filed a registration for its phrase in the early 1990s. Therefore, Advantage should not be handed the protection of a federal registration that is offered by the statutes.

As noted in Enterprise's Petition, the drafters of the Act did not intend to pre-empt state trademark and dilution right. However, the language of 15 U.S.C. § 1125(c)(3) appears to clearly extinguish state remedies upon the issuance of a valid trademark registration, unless such rights can be asserted in the Opposition. ("The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement." 15 U.S.C. § 1125(c)(3)) The only reasonable reading of the statute, in light of the above, is that state trademark rights must have some venue for address ***prior*** to the issuance of a registration.

The perfect vehicle for the hearing of state dilution claims is the Trademark Trial and Appeal Board (TTAB) in the trademark opposition setting. The TTAB is fully equipped to address the issues of dilution. Even Advantage admits that the TTAB can hear federal dilution claims. State dilution involves issues pertinent to all trademark disputes, *i.e.*, distinctiveness or fame. The TTAB is as equipped to

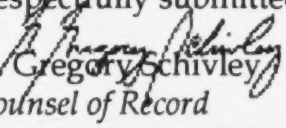
handle these issues as is any federal court. Indeed, it is likely more expert because it only handles trademark issues. Further, the TTAB provides a single place and a single time to address these state issues rather than the continuous litigation that Advantage claims to abhor.

Finally, it must be noted that without an opportunity to address state dilution at the TTAB and opposition proceedings, the valuable state trademark protections are extinguished under 15 U.S.C. § 1125(c)(3). Rather than putting the proverbial cart before the horse and handing Advantage protections that are really only available to trademark registrants, a full and fair hearing must be had at the Opposition level to address the damage that would be caused by extinguishing state rights. If this does not happen, trademark owners lose their rights without an opportunity to present those rights. This is contrary to the plain language of the statute.

CONCLUSION

For all of the forgoing reasons and all the reasons presented in the Petition for Writ of Certiorari, Petitioners respectfully request that its Petition for a Writ of Certiorari be granted.

Respectfully submitted,



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